EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

COMMUNISM End of History yet to arrive Page 2

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World News Hungarians approve new basic law for democracy

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HUNGARY'S perliament voted overwhelmingly to sweep away the Stalinist elements of its constitution and voted in amendments which will pave the way from a one-party state to a multi-party democracy. Deputies amended the 1949 constitution, stressed the "val-ues of both bourgeois democracy and democratic social-ism," and changed the name of the country from the "Peo-ple's Republic" to the "Repub-lic" of Hungary. Page 18

Award for dissident A Chinese astrophysicist, Fang

Lizhi, who has been given ref-uge in the US Embassy in Peking since last June's pro-democracy protests, was announced as winner of this year's Robert F. Kennedy human rights award.

Japanese scandal Japan'e latest political scandal revolving around the pachinko

(pinhall) industry brought parliamentary business to a halt, Page 16

Indian elections

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General

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ian.

Prime Minister Raily Gandhi announced that elections to key state assemblies would be held simultaneously with the general election in late November. Page 4

Conventional forces Nato and the Warsaw Pact reached agreement in principle on what categories of artillery should be reduced in any future agreement on Conventional Forces in Europe (CFE). Page 2

Aid for Sri Lanka

International donors have pledged \$785m in loans to Sri Lanka to support economic reforms; the World Bank said.

PEN writers hold The Czech branch of the international writers' group PEN said it had protested to the Government over the arrests

Business Summary **China** crisis haits output from car joint ventures

Pasto Esci40 Grs.40 Ris/2.00 864.10 Pis145 SiV:10 SiV:10 SiV:10 SiV:240 SiV:24

CHINA's mounting political and economic crisis is bringing all joint ventures with foreign car manufacturers to a stand-

still Production at Volkswagen's Shanghai plant has stopped, Peugeot plans to close its pro-duction line near Guangzhou and the Beijing Jeep joint ven-ture with the American Motor Corporation is cutting produc-tion in Peking. Page 16

WHITEPEAD, UK brewing and retailing group, has put up for sale its wine and spirits division which City analysts say could be worth up to \$790m. Page 17 \$790m. Page 17

RENAULT of France and DAF of the Netherlands are to join forces for the first time to develop a new range of light commercial vehicles to be pro-duced in both France and the UK. Page 17

PEUGEOT: the worst ever strike at Pengeot, French car-maker, appeared to be weaken-ing, although the group was still awaiting a response to its final wage offer. Page 2

BANKERS TRUST, New York bank, is to make a \$1.6bn spe-cial provision for possible losses on Third World debt,. making it one of the most heavily provisioned of the US banks, Page 20 HONEYWELL, US electronic

controls and avionics group, peported sharply higher third-quarter earnings of \$74.4m, or \$1.73 a share from a loss

of \$41.4m or 98 cents a share. Page 20 WARTSILA, Finnish diesel, securities and sanitary equip-ments group, acquired a 60 per cent stake in Dutch diesel

company, Stork-Werkspoor Diesel, Page 18

HAWKER Siddeley, UK engi-neering group, hopes to sell businesses which account for about a quaiter of annual sales of £2bn (\$3:16bn). Page 17

EUROPEAN investment: the reports say it was an over in its seconds. Electrical power was cut and telephones want dead, plunging the area into an eetle allence, broken within a few moments by the walling sirens rate of growth and fixed invest-ment in the EC will turn down alightly next year, according to the European Commission's annual report, Page 2

Thursday October 19 1989

Honecker removed after 18 years in power

By Leslie Colitt in Berlin

VETERAN East German leader Mr Brich Honecker stepped down yesterday after 18 years in power following mass street demonstrations in support of political reforms.

His successor, Mr Egon Krenz, at 52 the youngest mem-ber of the Polithuro, immedi-ately pledged a change in

atery preugen a change in direction for the country. Mr Honecker, 77, the man behind the building of the Bar-lin Wall, was "released from all his functions" yesterday by the Central Committee of the country's Communist Party.

Mr Honecksr'a retirement "on grounds of health" amounted to an ignominious departure only 11 days after he celebrated his country's 40th anniversary with the visiting Soviet leader, Mr Mikhail Gorbachev.

The presence of the reform-minded Mr Gorbachev in East Berlin and massive dissatisfac-tion with the orthodox leader-ship triggered growing demonstrations for reforms in East German cities. These reached a

peak last Monday when 100,000 protesters took to the streets in

Leipzig in the country's biggest demonstration. Last night, Mr Gorbachev sent congratulations to the

new East German leader, stressing his conviction that he would be "sensitive to the needs of the time." Mr Gorba-chev nnderlined simulta-neously his belief in the need for reform, and his insistence that East Germany should work out its own solution.

Mr Krenz, former head of internal security, is considered an orthodox party member and hardliner. However, Commu-

nist Party officials also said it was Mr Krenz's decision to ask police to stop attacking pro-de-mocrecy demonstrators in recent protests.

Mr Krenz underscored his determination to retain the

He faces a mood of defiance and fearlessness in the popula-tion which is unparalleled in the country's brief history. In a television address shortly after his appointment,

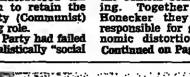
would regain the "political and ideological offensive." Two of Mr Honecker's chief Politburo aides, Mr Günter Mit-

tag, the economic chief, and Mr Joachim Hertmann, responsible for Party propaganda and the media, were also ousted at the Central Committee meeting. Together with Honecker they were held responsible for growing economic distortions and the

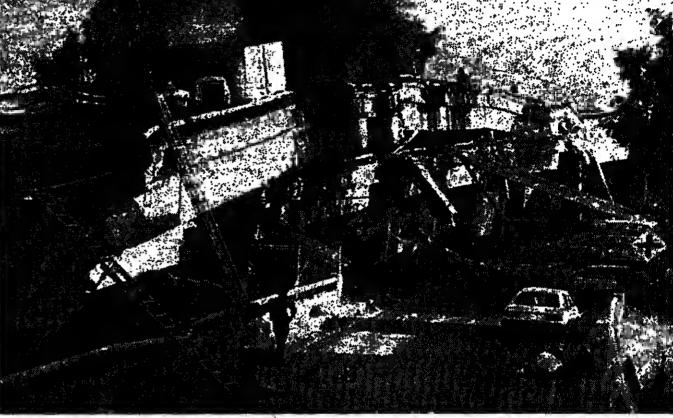
developments" and promised

that a "turning point" would take place in which the Party

Socialist Unity (Communist) Party's leading role. He said the Party had failed to evaluate realistically "social



Continued on Page 16



The two-deck freeway in Oakland which collapsed in the earthquake, trapping motorists in a "concrete sandwich"

INSURERS shared a cautions early to talk about the ultimate belief yesterday that losses cost of the disaster, but that

Insurers suggest losses may be limited

By Our Foreign and Financial Staff

48 km Richmond Oakland

"one thing we can say: We have known this would hap-pen." Insurance and reinsur-ance companies have thus trafrom the earthquake will be limited, with some estimates as low as \$1bn. Most damage was to infra-structure, such as roads and bridges. Most buildings seemed ditionally limited their llability in the event of a California to have remained intact. Busiearthquake. Swiss Re said it s in the city's banking and ected its liability to financial sector slowly than SFr100m (\$62.5m). returned to normal yesterday. The area's high-tech indus-Munich Re, the world's largtries closed yesterday, but most larger computer compaest reinsurer, said it was too Make Superb motorway links Fast rail service O TRANSFORM

nies seemed to have survived intact. For Silicon Valley's matt. For Smoon valley's smaller semiconductor compa-nies, however, the outlook may not be so bright. Many use highly 'sensitive technology that is likely to be damaged. The earthquake, combined

hard hit.

The earthquaks violently wrenched and shook buildings and brought traffic to a sudden Most of the casualties were drivers returning home at the height of rush hour. The shak-

ing seemed to last for at least a minute, although official reports say it was all over in 15 to the city:

Mr George Deukmejian, Cal-ifornia's Governor, who cut short a trade mission to West Germany to return home when

By Louise Kehoe in Monterey and Peter Riddell in Washington AT LEAST 272 people died and 650 were injured in the earth-quake which destroyed build-ings and broke lines of commubroken windows, fires, and disrupton of power, telephone, water and other services for more than im people. Apart from the highway col-lapse in Oakland, the most obvious damage came when nications throughout the San Francisco Bay area of northern

Bush pledges

San Francisco

disaster relief

Erich Honecker: released

California.

sistance

of fire engines.

CONTENTS

Compar

Comention

World Trade Britain _____ Companies

change of tactics

Freedom fighters face up to a

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24-23

part of the upper level of a section of the Bay Bridge fell on to the lower level, closing the main direct road link between Oakland and San The earthquake, the worst in the US since the one that devastated San Francisco in 1906, registered 6.9 on the Richter scale of severity and was cen-tred on the San Andreas Fault north-east of Santa Cruz and south of San Francisco. Francisco.

Santa Cruz, a seaside town famous for its boardwalk, The scale of the damage, with buildings and bridges col-lapsed has stunned America. Referring to a "terrible trag-edy," President George Bush which was near the epicentre, was hadly hit with much of its downtown shopping area reduced to rubble. Watsonville, an agricultural and industrial area further inland was also

immediately signed a disaster relief declaration to provide Federal support and financial In San Francisco, there was heavy damage in the Marina district, a high-priced residen-tial area to the north of the city. About 30 or 40 horns of the city. About 30 or 40 hornes have been destroyed. Local air-ports were closed for a period and roads and bridges remained blocked. Some rioting and looting was reported in inner-city areas of San Francisco and troops and National Guardismen were sent

National Guardsmen were sent

of two editors of the leading ... independent newspaper Lidove Noviny (People's News).

Singapore offer

Singapore is willing to admit more Hong Kong residents to give the British colony more bargaining power before it returns to China in 1997, Prime Minister Lee Kuan Yew said.

lvory trade banned A conference seeking to save the African elephant from extinction has banned the ivory trade but Zimbabwe, Botswana and Mozambkine said they would not be bound by

Yeltsin accuses

Boris Yeltsin accused Soviet President Mikhafi Gorbachev of trying to purge him from political life.

Bomb in Rome

A small-bomb exploded at a Rome building site, the second. such attack in a month on construction companies involved in preparations for the 1990 World Cup finals in Italy:

Soviet-Turkish trade

The Soviet Union and Turkey signed a protocol that envisages a fourfold increase to \$40n of annual bilateral trade. Page

Lebanese kidnapped

Three gunmen kidnapped a Lebanese Christian professor, Shawki Raya, in Syrian-con-trolled Moslem West Beirut.

MARKETS

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STOCK INDICES STERLING DOLLAR New York Junchilane: \$1.5895 New York Isochlines PT-SE 100: DM1.8583 2,170.1 (+34.6) London FFr6:2965 FT Ordinary; \$1,5885 (1.5825) SFr1.625 Y141.75 1,758.5 (+27.8) OM2.945 (2.9325) FT-A All-Share: 1,089.30 (+1.7%) London: DM1.851 (1.853) FFr6.295 (8.30) SFr1.828 (1.6235) FFr10.00 (9.97) SFr2.5825 (2.57) New York Jun Y225.00 (223.75 D.I Ind. Av. £ index 89.3 (89.0) Y141.65 (141.45) 2,650.82 (+12.09) CIOD \$ index 69.7 (69.8) New York: Comex Dec. S&P Comp Tokyo close: Y142.10 343.06 (+ 1.9) \$372.1 US LUNCHTINK London: \$(367.5) Tokyo: Nikkei RATES 35,107.58 (+111.48) Fed Funda 842 % N SEA OIL (Arous) LONDON MONEY 3-mo Treasury Bills: yield: 7.762% Long Bond: Brent 15 day Nov 3-month Interba \$19.525 (-0.125) closing 15% (1412) 101 Liffe long gift luture: Chief price changes yield: 8.032% Dec 2312 (9332) lay; Page 17

MARKET REPORTS: CURRENCIES, Page 38; BONDS, Pages 22,23; COMMODITIES, Page 30; EQUITIES, Page 31 (London), 42 (World)

POSEIDON, Anstralian gold company controlled by Robert Champion de Crespigny, is to raise A\$316m (\$243m) through 'a share placement and rights issue. Page 21

RABOBANK, big Dutch co-op-erative bank, paid Fl 60m (\$28.2m) to buy a 1.25 per cent in Banco Popular, one of Spain's commercial banks.

Page 18 KALMAR Industries: Procordia, Swedish state-owned hold-ing group offered its forklift truck subsidiary for sale in a continuing shake-up of the

industry. Page 18 **ORIX** Corporation, largest Jap

anese leasing company, for-merly known as Orient Leasing, has set up a specialist corporate finance company via Oriz Europe, a subsidiary of its European holding company. Page 22

BOND Corporation's complex A\$2.5bn (\$1.97bn) brewing deal with Lion Nathan of New Zealand will not be set formally into motion for another two weeks. Page 21

TOKYO Stock Exchange may settle by the end of the year the fasue of allowing UK securities firms Barclays de Zoete Wedd and James Capel to obtain membership. Page 22 PHILIP MORRIS, US tobacco

and food group which last year doubled its food business by buying Kraft, said third-quar-ter net earnings rose 20 per cent to \$748m. Page 20

UNIT Trusts: technical problems on exchange lines meant that some unit trust/insurance band prices were not updated in today's editions of the FT.

About 253 died when the news of the quake came in, said: "The devastation is first upper level of a two-tlered horrible and we're just highway collapsed on to the lower level on the eastern side shocked. The impact on the American public was intensified because of the Bay in Oakland. Rescu-

ers said many who were trapped by fallen concrete had been killed by fire. Details, Page 6; Crowd calls Play Ball, Page 16; Observer, The quake impact was felt Page 14.

Continued on Page 16 nearly 100 miles away with



South Africa reschedules debt on eve of sanctions debate

By Patti Waldmeir in Johannesburg and Robert Mauthner in Kuala Lumpur

SOUTH AFRICA and its foreign creditors yesterday announced a surprise agree-ment to reschedule repayment of \$8bn of the country's debt, a ment to reschedule repayment of \$8bn of the country's debt, a defeat for anti-apartheid activabroad, had pressed commer-cial banks holding debt cov-ered by the country's 1985 debt ists who had pressed creditors to refuse a rescheduling. The timing of the announcestandstill to refuse to renew

the current rescheduling agree-ment, which expires in June ment was dramatic, coming as Commonwealth heads of gov-ernment prepared to debate next year. Last night the South African the issue of economic sanc-tions against South Africa at Reserve Bank, the central

bank, announced that the so-called "second interim arrangement", which covered the period July 1987 to June their summit in Kuala Lam-pur, Malaysia. Mr Abdul S Minty, who is attending the summit on behalf of the Anti-apartheid Movement, said the agreement "changes the whole situation." "The South African announcement is clearly 1990, is to be extended to 31 December 1993.

Banks had been under pres-sure to agree, if at all, to annual reschedulings only. This would have caused signifi-cant disruption for Pretoria intended to provoke the Com-monwealth. It means that the banks have decided to extend a and allowed the anti-spartheid movement political leverage over South Africa during the lifeline to the apartheid sys-tem," he said. In recent months, the anti-apartheid movement world-wide had focused its efforts on preventing a rescheduling,

still agreement. The new agreement will allow Pretonia to get over the debt "hump" of the next two years, after which repayments

will decline substantially. Britain's Anti-Apartheid Movement criticised the agreement last night. "It'e a real setback because the banks were uniquely placed to put pressure on Pretoria to speed up process of change. If e a most favourable agreement for South Africa, especially since it eases pressure over the period 1950-91, precisely the time when the international community should be exerting

maximum pressure." Mr Chris Stals, the Reserve Bank governor, estimated that some \$8bn of debt would be affected by the agreement. Repayments under the agreement would total some \$1.5bn, slightly higher than the \$1.42bn in repayments pro-vided for under the previous. rescheduling. Fighters face change of factics, Page 4.

s face up to a	World Trade: UK exporters fear the credits
Both sides to the con-	Indiar Mosque may become storm centre of November election
have been thinking things over since Mr F	Takeovers: The aftermath at Plessey
W de Klerk released	Sales: Falth In International contracts
top ANC members. Now it seems clear that after years of vio-	Technology: Ramifications of the discovery of mini-antibodies
lence, the two are finally engaging each other politically	Editorial Comments East Germany's future; A strategy for UK science
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Commodities	Int. Capital Markets 22,28 -Wall Street
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Euro-cotions 38	Money Marhets

Hurricane Hugo, will probably exhaust insurers' loss reserves and force them to raise premiums and seek cover in the reinsurance market

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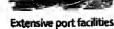
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EUROPEAN NEWS

E Germany braced for rule by the hardliner nobody loves

By Lesile Colitt in Berlin

MR EGON KRENZ, who succeeded Mr Erich Honecker yesterday as the East German Party leader and President, comes to power with the ominous reputation among East Germans of being even more of a hardliner than his 77-year-old men-

Mr Krenz is faced with rising popular unrest and an organised opposition movement which could soon put his reputation to the test.

However, the choice of the 52-year-old Mr Krenz, who suffers from diabetes, was a logical one for the arch-conservative ruling Polithuro. The leadership is desperately trying to preserve the Party's leading role in the face of a wave of spontaneous protest demonstrations.

Mr Krenz's credentials for the job appeared impeccable. He served as the Central Committee Secretary in charge of internal security and was thus seen by his fellow Politburo members to be the right man for the daunting task of preserving order when events seemed to be slipping out of control of the Party appara-

A senior Socialist Unity (Commu-nist) Party official said Mr Krenz was "very firm" which was what the Party needed. He also extolled his lack of formality compared with the introverted Mr Honecker.

Extreme firmness, however, is precisely the trait reform-minded Party officials feared. They were looking for a reformer in the Mikhail Gorba-chev mould such as Mr Hans Modrow, the Party chief in Dresden district, who might have been able to rally a highly mistrustful population behind a programme of sweeping reforms

East Germans reacted with deep scepticism to Mr Krenz's rise to power. "I don't know anyone who likes him so that his standing with

the people cannot get much worse," one East Berlin office worker. Mr Krenz's reputation suffered

for ther last June during a visit to West Germany when he supported the crackdown in China on the democracy movement. At the same time, it was noted that the security forces under Mr Krenz's control were kept well out of sight during this week's massive demonstration in Leipzig. The leadership appeared to have learned something from the sharp public reaction in East Berlin to the police brutality in demonstra-tions there on the October 7 East German anniversary. Thousands of young people still crowd Gethse-mane Church in East Berlin where nightly vigils are held in protest against the arrests.

Mr Krenz's former responsibility for youth affairs, in addition to secu-rity, did nothing to boost his popularity. Although previously in

charge of the Free German Youth Organisation (FDJ), he was wholly out of touch with the bitter mood out of touch with the bitter mood among young East Germans. Tens of thousands flocked to the West in recent months although the Party continued to trumpet its role as the vanguard of youth.

Mr Manfred Stolpe, a leading East German Protestant Church official and expert on the Politburo, said recently that the rise to power of a tough "law and order" leader would be resented.

Mr Krenz, however, is himself under pressure to head off even greater unrest by introducing some reforms. Among the first could be the easing of travel to the West which was already signalled under Mr Honecker.

Mr Krenz is also likely to attempt to reduce crippling subsidies which keep artificially low prices for basic foods, housing, transport and ser-

require an atmosphere of trust between the leadership and the popplace which is non-existent.

One mild consolation for Mr Krenz is that Mr Honecker was also highly unpopular when he rose to power in 1971, having supervised the building of the Berlin Wall a decade earlier. By the early 1980s many East Ger-mans were paying him grudging respect for his detarmination to continue the dialogue with West Germany at a time when the pre-Gorbachev Soviet leadership was threatening to sever these ties. But Mr Krenz, like Mr Honecker,

will need more than good relations with Bonn to survive the new phe-nomenon of ordinary East Germans marching through the streets of their cities chanting "We are the people".



Krenz: an informal manner which contrasts with his predecessor's

ans expect more of us Be-

Cracks appear in solidarity of **Peugeot unions**

By William Dawkins in Paris

THE WORST ever strike at Peugeot, the French car-maker, yesterday appeared to be weak-ening, though the group was still awaiting a clear response

to its final wage offer. Yesterday morning's vote on the proposal for a 9 per cent increase for the poorest paid, plus an increase in profit incentives, took place in chaotic decisions amid mnch heckling and angry debate.

By late afternoon, management at the two plants involved, Mulhonse and Sochaux in north-eastern France, had counted just over 1,000 workers on strike, a sharp decrease on the 4,600 reported to be refusing to work the previous day. The total workforce at the two assembly

CFE agrees **Philips** attacks US what guns trade policy to cut By Guy de Jonquières,

Editor

By Judy Dempsey in Vienna

AFTER AN intense round of negotiations in Vienna, Nato PHILIPS of the Netherlands, and the Warsaw Pact have reached agreement in principle on what categories of artillery yesterday accused the US of creating a trade "fortress" by should be reduced in any

plants, Peugeot's largest, is 35,000. The dispute has roughly halved their production for the past seven weeks and deprived Peugeot of nearly 4 per cent of this year's turnove The Communist-led CGT

firmed that the management

had no plans to renegotiate the wage offer, which comes on top of a 2.7 per cent award made earlier this year.

versal and irrevocable triumph of the liberal ideals of pluralis-tic democracy and market eco-nomics. From here on, there union was yesterday leading the hard core of strikers con-tinuing to refuse the management's offer, while most of the

nomics. From here on, there will only be footnotes to this apotheosis of liberalism. This thesis may sound plau-sible in California, but in the context of what is going on in Europe, it seems plain daft. History may have ended for the Bard Compartion but on five other unions involved appeared to be ready to end the dispute. However, the situation was unclear, with unions divided both within and between themselves, said a the Rand Corporation, but on this side of the Atlantic it is Peugeot spokesman. He con-

boiling most actively. Despite a learned disquisi-tion on the theories of Hegel, Mr Fukuyama's real message is rather crude. We struggled with the demon of commnnism, he seems to be saying, and we won. And like some old soldier, he admits to a tinge of

sourcer, he adminis to a tinge of nostalgia at the passing of the manichean conflict. The end of history will be a very sad period, he concludes. At a certain level, of course, Mr Fukuyama has a point. Since the arrival of Mikhail Gorbachev, Communists every-where have here confessing where have been confessing publicly that they have got almost everything wrong, not just in practice but even in the-

about the answer.

R Francis Fukuyama, formerly of the Rand Corporation and now of the US State Department, fact that in many countries. perhaps in most, the liberal model will be spurned by polit-ical leaders who are not the ical leaders who are not the least bit liberal: the "manifest" has attracted an inordinate amount of attention with his proclamation that we have reached The End of History. With the collapse of the Com-munist bubble, he argues, we are witnessing the final, unisuperiority of pharalist democ-racy and market economics will not prevail over cruder and more brutal systems of government.

But, even in the relatively civilised world there are at least three counts against Mr Fukuyama's hasty conclusion. Even though market pricing has won a significant intellec-tual victory over the theoreti-cal claims of command eco-

IAN DAVIDSON ON EUROPE

nomics, in Europe, East and West, there continues to be a profound ideological debate over forms and systems of gov-

In Eastern Europe, the Hun-garians and the Poles seem to be moving rapidly in the direc-tion of the liberal, pluralistic model. But Mikhail Gorbachev, who is after all the moving who is, after all, the moving force behind the ideological upheaval in the so-called East bloc, is a till publicly committed to socialism. Whatever his deepest thoughts on the mat-ter, it would be foolhardy to under-estimate the continuing force of some form of the socialist ideal.

Much the same is true, mutor ory. If the question is: has com-munism failed? there is no lontis mutandis, in Western: Europe. The socialism of West-ern European Socialists is ger any significant debate much less categorical, and the But if the question is: does spectrum of ideological debate the world now bask in a new consensus on the universal narrower than before. But the dialectic between Socialists politico-economic model? the answer is an emphatic No. For a start, there is the obvious The End of History means the

Brussels has to take action

against the deal, which had to be notified last March to the Commission under the rules of

the first airline liberalisation

package agreed between mem-ber states at the end of 1987.

between the two French air-lines effectively allow Air

France the right to operate all

Air Inter's external routes, and

Air Inter's external routes, and give Air Inter the responsibil-ity for operating Air France domestic flights. The agree-ment also lays down precise rules about cut price tariffs. According to the submission

made to the Commission the

aim is to improve services to customers, increase technical

The terms of the accord

universal acceptance of Mrs Margaret Thatcher's brand of free-for-all, he is simply ill-in-formed about this side of the Atlantic. The reasons for this continuing European debate are two-fold. First, all of the world's

News of the End of History fails to reach Europe

most infinential politico-eco-nomic models, hoth general and special, were dreamed up in Europe; and these compet-ing dreams continue to co-ex-ist, and to evolve. By Mr Fukuyama's yardstick, History must have ended a very long time ago in America; indeed, per-haps it never started there. But in Europe the left-right debate remains very much alive, even though there is now a much broader consensus on the use-

are having to take fundamen-tal decisions about the future government of Europe, and they cannot avoid the ideological debate about the nature of

debate purely in the primitive, atavistic terms of national sov-

The pot is still boiling merrily despite Fukuyama's attempts to snuff out the fire in which economic and monetion posed can be rendered harmless if it is restricted to a discussion of pragmatic instru-mentalities: decisions need tary union would be a symptom of political integration. But the under-current of their debate goes well beyond a shallow argument over national sovereignty, and

nientainties. the taken on a case-by-case basis, according to what seems likely to work best. There are at least three rea-sons why neither approach will do. First, the tide in Europe is reaches down into a deeper quarrel over social values, "Our era," says Mr Delors, "Is too dominated by a new mer-cantilism, and young Europerunning towards closer politi-cal and economic integration: neither nostalgia nor bureauyoud a triumphant nationalism and excessive individualism, cratic caution are a sufficient

response. Second, the challenge of ethics are returning in strength . . The question is this: what sort of society are we huilding?" The locus classicus of this events in Eastern Europe requires a co-ordinated response from Western Europe, and the countries of Western Europe can only provide that response and safeguard their own interests if they commit debate lies in the argument over the Commission's proj-ected European Social Charter. But this argument is not really themselves to a process of abont EC competence; it is about fuzzier notions, like indicloser integration.

vidualism versus solidarity, violence versus security, freedom versus bureamcracy. And nobody who had read the Thatcher and Delors speeches ology will remain enshrined in the nation state, whereas the Community can be ideologi-cally neutral. In the process of could pretend for a moment that History had Ended. building the Community, the member states cannot avoid incorporating the values of their societies. Since the ideo-logical argument is still alive at national level, it is bound to be avera fiercer on the thresh Here is one way to sum up the central questions facing the new Europe. "The policy of disarmament in which the USSR and the United States are engaged, offers not only. be even fiercer on the thresh-old of major decisions at the the prospect of peaceful co-existence between states, but a general change in mentality

Community level. The fierceness of that argument can be measured by the against any form of violence towards men. Step by step, the gulf between the speech in Bruges this week of Mr Jac-ques Delors, president of the European Commission, and that of Mrs Thatcher, Britain's. politics of force tend to give way to the force of politics as a

Kremlin denies rift with press reformers

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By Quentin Peel in Moscow

A TOP member of the Soviet leadership yesterday denied reports of a split between the Kremlin and the most outspoken reformers in the soviet press, as journalists confirmed that a senior newspaper editor was fighting for his job.

Mr Yevgeny Primakov, an alternate member of the polit-buro, revealed that Mr Mikhail Gorbachev had given a stiff lecture to newspaper editors last Friday, urging them "not to araggerate the difficulties (in Soviet society), in order not to produce an anti-perestrolka reactive "

to produce an ann-perestruits reaction." He insisted that the meeting did not represent a confronta-tion between the press and the leadership, but he failed to reassure a delegation from the International Press Institute International Press Institute about the threat to the job of Mr Vladislav Starkov, editor of the mass circulation weekly Argumenti I Fakti. Staff at the newspaper, the most popular publication in the Soviet Union, with sales termine the confirmed vester.

topping 24m, confirmed yester-day that Mr Starkov had rejected an order to resign, and the offer of alternative jobs.

They said that the journalists had voted 48-3 to back their editor in any confrontation with the Kremlin.

tion with the Kremin. Earlier, Mr Peter Galliner, director of the International Press Institute, meeting for the first time in Moscow in tribute to glasnost, issued a ringing demunciation of any threat to Mr Starkov.

"It is not only a case of a threat to Mr Starkov," he said. "It is a threat to all our colleagues who have the courage. to speak out. It is a threat to

to speak out, it is a threat to the freedom of expression." The row over Mr Starkov's job, in jeopardy after the publi-cation of an opinion poll of readers which showed that rad-ical reformers and non-mem-bers of the Communist party were much the most popular members of the Compress of members of the Congress of People's Deputies, has brought to a head a series of confrontations between reformers and the Soviet leadership, includ-

ing Mr Gorbachev. Mr Boris Yeltsin, the hugely popular ex-leader of the Moscow Communist party, accused Mr Gorbachey of coordinating an attempted "purge" against him, by seeking to ridi-cule him in the Supreme Soviet: He was accused this week of inventing an assas

fulness of market forces. Second, the press of events in Eastern Europe, and the integration of Western Europe,

are forcing Europeans to debate their political and economic priorities. Pope's dictum: "For forms of government let fool contest; whate'er is best administer'd is best", sim-ply cannot apply to a situation where Europeans are dreaming up revolutionary new arrange-ments for relations between sovereign states. Governments

government and the values of the societies they represent. Some of the protagonists conduct their side of this

hird, it is simply absurd to imagine that social values and political ide-

future agreement on Conventional Forces in Europe (CFE).

It is also expected today, when the talks go into recess, that the Warsaw Pact will present new measures on the exchange of information, including data on forces, sites and weapons systems, as well as verification measures aimed at monitoring compliance with any future CFE treaty.

These would be in response to the Western Alliance's detailed proposals tabled last month.

The agreement on artillery, which represents the first breakthrough in a common definition of one of the six categories of forces under discussion here, comes at a time when both East and West seem determined to have a final treaty on reducing conventional forces from the Atlantic to the Urals, ready by the second half of 1990.

The agreement stipulates what lists of artillery weapons, with a calibre above 100mm, which will he subject to reductions.

The aim of the CFE negotiations is to increase stability and lower the possibility of a surprise attack hy reducing conventional forces to equal ceilings. Nato and Warsaw Pact

diplomats agreed yesterday that "substantial progress" had been made over the past two months and that "both sides now have a much clearer idea of the problems facing them" at the next round which opens in early November.

In particular, several issues are likely to take precedence: • The question of aircraft. Despite the Soviet Union's recent decision to include all tactical aircraft in the CFE talks, it still continues to exclude a number of air defence aircraft, including intermediate and strategic hombers, permanent land-based naval aviation and more than 4,500 trainers, half of which can double up as combat aircraft.

Nato diplomats argue that these could be used against

Western Europe. Both sides have agreed that helicopters have to be included in any future reductions. But agreement on making a distinction between combat (to be included in reductions) and transport (to be excluded) is likely to raise difficulties. • The question of how the reductions will be distributed from the Atlantic to the Urals. and in what geographical zones, remains very much an open question, with Nato committed to retaining its storage depots across Central Europe.

excluding foreign companies from the Sematech semiconductor technology consortium. However, Mr Cor van der Klugt, Philips' president, said Europe must resist the temptation to retaliate by keeping US companies out of its equivalent programme, the Joint European Submicron Silicon Initiative (Jessi). Philips is a

sidised by Brussels.

International Business

one of Western Europe's larg-

est electronics manufacturers,

leading member of Jessi. Mr van der Klugt told the Boyal Institute of Interna-tional Affairs in London that

many US companies had sub-sidiaries which made a valu-able contribution to the Euro-

pean Community and participated in research and development programmes subowned companies. However, he said, even US-based subsidiaries of foreign companies which had extenstve US production and research activities were being kept out of Sematech, a joint

industry programme partly funded by the Defence Depart-ment. "It would be deplorable EC deadline near for air deal ment. "It would be deplorable if, in response, certain US com-panies in Europe were not admitted to Jessi," he said. "That would mean that the US and Europe, losing one industry after the other to Far East competitors, would con-clude that national treatment in the classic sense is no lon-part a viable concentration. By Tim Dickson in Brussels

BRUSSELS competition officials believe that a sixmonth-old routes and fares agreement between the French national carrier, Air France, and its domestic counterpart, Air Inter, is anti-competitive, but have only a few more days to convince the European Com-mission to block the accord. ger a viable government policy and would restrict or eliminate it in favour of protection of purely domestic industry. "The mood of politicians tends to favour this result and

The issue was to have been discussed at the Commission yesterday, but was at the last minute taken off the agenda, there are politicians - and others - on both sides of the Atlantic who see economic nationalism as good politics, if seemingly in deference to a not good economics," he said. meeting on Tuesday evening between Mr Michel Rocard, the "But the reality must be other-French Prime Minister, and Sir Leon Brittan, the Competition

Mr van der Klugt defended the EC's use of anti-dumping actions and local content rules tegione Commissioner. Next Wednesday's Commis-sion meeting is the last chance co-operation so that prices can against Japanese companies.

ereignty. For them, History Ended with the creation of the nation-state; its prerogatives override all other considerations, and the less there is of Europe, the better it will be. Others seem to think the ques-

Prime Minister, in the same place exactly a year ago. Mrs Thatcher called for a Europe of nation-states with the minimum of integration; Mr Delors appeals for a powerful Europe,

method of settling social con-flict." This is part of an extended attack on the Stalinism of the French Communist party by a would be Commu-nist reformer. The author, Charles Fiterman, was not spe-cifically talking about Europe; but it comes to the same thing.

Portuguese Government approves privatisation law

By Patrick Blum in Lisbon

THE Portuguese Government has approved a new privatisa-tion law allowing it to fully sell state-owned companies nationallsed during the 1975 revolu-tion. Until now, the Govern-ment could only sell up to 49

per cent of shares in state-The new law will be presented to the National Assem-bly where the ruling Social Democractic Party (PSD) has an absolute majority. Its adoption will be the last stage in

government efforts to uniangle the web of legal obstacles to its planned denationalisation of state-run companies. administration will now be

The new law was made pos-sible following the completion of a reform of the 1976 Constitution in June after three years of tortuous negotiations with opposition parties to rally the necessary two-thirds majority neceded for constitutional changes. The new constitution plays down "workers' conquests" and dropped references case by case basis. Until now

tion.

to "socialisation of the main means of production." Mr Anibal Cavaco Silva's

able to press ahead with its programme of re-privatisation which includea selling off state-owned banks, insurance and manufacturing companies. The law will maintain restrictions on the amount of shares that can be bought by foreigners in privatised compa-nies, but limits will be set on a

be reduced, and boost competi-

After examining the evi-

foreigners have been allowed to buy only up to 10 per cent of the 49 per cent shares floated in the three companies part-

privatised this year. This has caused frustration among international investors eager to take a major stake in Portuguese companies in prep-aration for the 1992 European internal market.

The Government will maintain its right to "intervene" in companies should it be necessary "for the public or national announced yesterday.

By Jim Bodgener in Ankara

Surprise candidate runs

for Turkish presidency

interest." The authorities are also looking at ways to ensure that some of Portugal's larger banks and companies do not fall into foreign hands. One idea is to encourage the cre-ation of a "hard nucleus" of Portuguese investors through a

preselection process. Direct foreign investment in Portugal will be more than Esc300bn (\$1.8bn), this year, more than double the amount in 1988, the Trade Ministry

Ozal will win," he added.

the Community".

long term, he said.

spelt out precise details of his spect out precise details of his accusations against the press for two hours - leaving the editors so stunned that they decided not to reply. ● The decision by the World Psychiatric Association to readmit the Soviet Union after a Six-Veet gath was criticized

"It would be better if the The 26 Motherland Party MPs backing Mr Celikbas include a former parliamentary Include a former parliamentary speaker, Mr Necmettin Karadu-man, and former deputy pre-mier Mr Kaya Erdem. President Kenan Evren's sev-en-year term of office ends on November 9. There are four rounds of voting until Novem-ber 4, after which general elec-tions must be called if there is no clear winner.

during a tour of Soviet psychiatric institutions, a special assembly will be called to vote on suspending membership.

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Brussels forecasts 3% Community growth next year

on the European market.

By David Buchan in Brussels

wise."

THE RATE of growth and fixed investment in the European Community will turn down slightly next year, according to the European Commission's annual economic report released yesterday. Mr Henning Christophersen,

June, with the exception that Brussels now belives that the surge in average Community the Commissioner responsible inflation since mid-1988 has stopped. "Thanks to a swift reaction by monetary policy-makers and to a softening in for macro-economic affairs, said he saw nothing in this week's dramatic stock market jitters to make him want to import prices in the course of 1989, this trend now appears to have been halted," it says. revise further downwards his estimate that the EC's 12 states would record an average 3 per Thus, average inflation, as low as 3.6 per cent in 1988, could ceut real growth next year, down from 3.5 per cent this year. He warned, however, come back from 5 per cent this

against governments over-usyear to 45 per cent next year. However, the report reitering monetary tools, like interest rates, to control inflation. ates concern about the rate of price rises in some countries, particularly those outside the European Monetary System -Little in the annual report for 1989-90 differs from the Commission's last forecast in Britain, Portugal and Greece. Mr Christophersen noted that unit labour costs were rising in the UK at an annual pace of 8 per cent, twice the EC average. Referring to the recent inter-est rate rises in the UK and elsewhere, he said: "Monetary measures can, at a certain point, be counter-productive in their side effects, such as fuelling pressure for wage rises." He went on: "We look for-

ward to the day when the UK joins the EMS," adding that Spain had not been afraid to take the plunge and join the EMS' exchange rate mechanism in June, despite its fairly

Mr John Smith, the British Lahour party's economic spokesman, told the European Parliament's Socialist group in Brusseis yesterday that the main UK opposition party was "eager to negotiate early entry" into the EMS parity grid. However, he set this eagerness in the context of the Community adopting an effec-tive growth strategy, still

greater transfers of regional for exchange rate stability in aid, and more co-ordination high inflation rate.

among its central banks to counter currency speculation. The report also repeats previous Brussels warning notes

But Mr Christophersen dis-missed any immediate danger of an EMS re-alignment. One reason, he said, was the Com-mission's forecast that French about current account imhalances between EC states. It and West German inflation rates would converge at 2.75 says that some imbalance is per cent next year, as mea-sured by the deflater of private consumption. Another, he said, natural, with less developed states importing capital from the more developed to boost industrialisation. But the comwas that Mr Pierre Bergevoy, the French Finance Minister, had repeatedly ruled out devalbined deficits of Spain, Portugal and Greece amount to less than one quarter of the West German current surplus. At 6 had repeatenty ruled out orvat-ning the franc against the D.Mark. But the risk of EMS instability remained in the per cent of West German GDP, this surplus poses "a danger

believe that the two arrines should be granted an exemp-tion under Article 85(3) of the Treaty of Rome and favours a Commission "statement of objection" at this stage pend-ing negotiations between the two airline partners. The Commission, meanwhile, has not yet made np abont a separate complaint from UTA, another French airline, over the French Government's refusal to let it operate

A SURPRISE candidate for the Turkish presidency emerged yesterday from within the rul-ing Motherland Party (ANAP) in the form of Mr Fethi Celik-bas. Mr Celikbas claims that he dence, however, Sir Leon has concluded that the deal looks like an attempt to share out the market. He does not believe that the two airlines is standing to provide competi-tion for Mr Turgut Ozal, the Prime Minister,

His candidacy appears to be a protest gesture by the party's disgrantled old-guard centrists against Mr Ozal, who is also

party chairman. "I put myself forward no clear winner. Mr Ozal seems almost cer-tain to be elected in the third because only one candidate gives the people no choice," Mr Cellkbas said yesterday. "In round on October 31, when only a simple majority in the the third round of voting, Mr 450-seat house is required.

nation plot against himself, claiming he had been kid-napped and thrown into the Moscow river.

At the same time, 35 mem-bers of the Supreme Soviet sent a letter to Mr Gorbachev, demanding full details of why he had attacked another lead-ing radical deputy, Mr Yuri Afanasyev, and Mr Starkov, at last Friday'a meeting. The fullest account of the

meeting so far was published yesterday by Moscow News, written by the editor, Mr Yegor Written by the entor, Mr Yegor Yakovlev. He quoted Mr Gorbachev as saying that those who read the Soviet press "get the impres-sion that we are in a place up to our necks in petrol, and all that is needed is one spark." He said the Soviet leader soelt out precise details of big

a six-year gap was criticized yesterday by a group of dissi-dent Soviet psychiatrists as too hasty, writes Kerin Hope in Athens.

"It would be better if the Soviet Society of Psychiatrists were given a period of time to show they were mending their ways," Dr Algirdas Statkevi-cius, a member of the Amster-dam-based International Asso-ciation on the Political Use of Psychiatry, told a news confer-ence. "After four years of perestroika, the situation hasn't changed. Soviet psychia-try is still inhumane." The WPA general assembly has conditionally approved the readmission by 285-45 with 19 abstentions. If a WPA commit-tee finds evidence of psychiat-

tee finds evidence of psychiat-ric abuse for political purposes

WORLD TRADE NEWS

EC bank sector voices fears over liberalisation

By Peter Montagnon, World Trade Editor, In Brussels

out for special treatment in the Urugnay Round negotiations on liberalising international trade in services so as to ensure that the quality of pru-dential supervision is retained, Mr Umberto Burand, Secretary General of the European Com-munity Banking Federation,

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said yesterday. "We do accept the principle of global negotiations on trade in services, but we do not accept the principle of horizon-tal negotiations - that is trading off banking services against other services," he said

against other services," he said in an interview. Mr Burani said his federa-tion, which represents banks across the Community, had written informally both to the tork with Canada where banking issues were dealt with separately by the Treasury. Monetary and banking regula-tions across the Community, had Commission and national gov-ernments seeking assurance on this point

Evidence of European con-cern over the issue of banking is likely to worry trade policy-makers who have been seeking agreement on liberalising services in the Uruguay Round of the General Agreement on Tar-tiffs and Trade. They are con-cerned that any global agree-ment will quickly become fragmented if special treatment is accorded to such an important sector as banking.

Mr Burani said the Commission had not yet replied to his request for special consider-ation but the problems he referred to are already mir-rored by arguments in Washington over whether the US Treasury or the US Trade Representative's Office (USTR) should have responsibility for

As a temporary measure, the . USTR is taking the lead on . negotiations involving procedure while the Treasury has assumed responsibility for dis-cussing points of substance, but fundamental differences. between the two sides remain run deep.

BANKING should be singled over how far a sector like banking should fall into the domain of trade policy-makers. Mr Burani's concerns show that this problem is now spreading to Europe in what some trade officials see as a backlash against the Uruguay Round negotiations. He stressed that the Euro-

pean banking industry was not seeking to separate out banking so that reciprocity princi-ples could be applied through the back door but he noted that a precedent for special treatment had already been set

ated with the Uruguay Round talks, he said. He declined to spell out spe-

cific points of concern but com-mercial bankers say one con-sideration is that the Gatt rules on services could crode the authority of bank supervi-sors who are best able to judge the quality of entrants to the market.

Traditionally, international discussion of banking issues discussion of banking issues has been handled by finance ministries or specialised super-visory agencies which are used to talking among each other informally and this process may also be made more diffi-cult by the intervention of

trade policy rules, they say. International trade policy officials, who have been seeking agreement on liberalising services under the Uruguay Round, are likely to resist the idea of special treatment for banking. Their fear is that, as soon as an important sector such as this receives special

treatment; similar demands will pile up from other sectors such as shipping and air trans-port where restrictive attitudes Lord Trefgarne, the British Trade Minister, said in Moscow yesterday.

UK exporters fear the 'zero option' for credits

Peter Montagnon on the uncertain future of the British department responsible for backing exports

A CHILL wind of uncertainty is swirling round the project division of Britain's Export Credits Guarantee Department (ECGD) in the wake of reform discussions provoked by publication of the Kemp Report on the

department's future earlier this year. Mr Robert Kemp, a former senior official of ECGD, recommended in his report that the department's profit-able short-term insurance division should be spin off into a separate company that could compete for busi-ness in Europe and might eventually

attract private capital. But with a subsequent report by an inter-ministerial working party endorsing this idea now before Mr Nicholas Ridley, Secretary of State for Trade and Industry, attention has been turning to the question of where this leaves ECGD's other half - the beleaguered project division, which handles all Britain's long-term export credit guarantees.

Anxiety among exporters has grown as it has become clear in the discussions surrounding the Kemp Report that the Treasury has strong reservations about the value of retain-ing the Project Division, or indeed of continuing to subsidise the interest rate on medium-term export credits to poor countries as is permitted under the international rules set by the Organization for Komonic Cooperation Organisation for Economic Co-opera-tion and Development.

It is regarded as scarcely a coincidence in the exporting community that last week the ECGD sprang to its own defence with the release of an independent report on its Project Divi-sion by Ashridge Management Devel-

By Quentin Peel in

Moscow

CANADA has exhausted its funds allocated for concessionary financing for the current fiscal year and will make no fresh money available until next April to help exporters cement foreign contracts by offering preferential payment terms, writes David Owen in Toronto.

The decision is likely to place Canadian companies competing for business in developing countries at a considerable disadvantage for the rest of the year. A growing number of such nations have come to expect preferential terms in certain projects as a matter of course. Companies' past successes in

landing overseas contracts have opment Services which showed that customers had noticed an improve-ment in its services over the past two years. This week Mr Martin Laing, Chairman of the Overseas of the Confederation of British Indus-try urged Mr Ridley not to scrap the Project Division if he decides to go ahead with the Kemp report proposals

for short-term insurance. The Treasury is guarded in its com-ments. "Treasury Ministers have not decided on the zero option (for the Projects Division), though they did ask for it to be examined," a spokes-man said in response to inquiries. Exporters say that the Treasury has

used the working party on the Kemp report to ensure that this option is indeed considered. Its officials have stressed ECGD's financial weakness with negative reserves of £250m, its trading deficit of £86m, £1.2bn borrow-

already forced Ottawa to budget for sharply higher concessionary loan disbursements, despite efforts to trim the federal budget deficit, The Government expects to pro-

vide C\$125m (£67.2m) of such funding in the current fiscal year, against only C\$75m in 1968-9. The rise has come at a time when bona fide foreign aid expenditures are being slashed relentlessly.

Canada and the US recently revived a campaign to encourage fellow members of the Organisa-tion for Economic Co-operation and Development to reduce the extent of their concessionary financing.

ings from the Government's consoli-dated fund and the £5hn in sovereign debt reschedulings it has undertaken since 1982, and have said the situation is getting worse rather than better. Additional rescheduling by Jordan and Cameroon in the past year will mean a further increase in its losses for the year to the end of March 1989 when the accounts are eventually published. Even some of the debt insured since the debt crisis broke is now going sour and there will have to a be further substantial increase of loss provisions in the next set of loss provisions in the next set of

None of these arguments is new but the vehemence with which they are now being advanced by the Treasury has set alarm bells ringing in boardrooms of big companies such as GEC, NEI, Rolls Hoyce and Trafalgar House which have long relied on ECGD sup-

port to win large overseas projects. Though they are coy about going on the record with their concerns companies such as these have been busy lobbying their Whitehall contacts to ensure that the Treasury arguments are dismissed.

Leading capital goods exporters generally now reluctantly accept that ECGD's short-term insurance division needs to be set free to compete in Europe after 1992, but they are worried that this would leave the loss-making Project Division permanently exposed to precisely the kind of attack it is now facing.

Without ECGD help in supporting their contracts, they fear they would be unable to compete against compa-nies from other countries where export credit support is readily avail-

able. ECGD support in difficult markets is vital, they add, to ensure that a British presence is maintained against the day when the recession afflicting many developing countries finally ends. For the first 65 years of the Destingtion of the Drai the Department's existence the Proj-ect Division made a profit, a record which was only broken by the excep-tional circumstances of the develop-ing country debt crists.

But exporters worry that these arguments do not seem to impress the Treasury which argues that the current guarantee system encourages Britain to ship exports for which the buyer fails to pay. At the end of the day there is thus no real contribution

to the balance of payments. The net export flow to middle income and poor developing countries

supported by ECGD is small at only £1bn so that the effect to the economy as a whole of withdrawing such support would be small. Similarly the 2325m average annual cost of interest subsidies, which is born directly by the Treasury rather than the ECGD, is high compared with the volume of

exports actually won. Insiders who have followed the debate closely say they do not expect the Treasury argument to win through at the end of the day. Given through at the end of the day. Given the current very poor trade figures it would be politically difficult to con-vince the public of the economic ratio-nale for doing away with the long-and medium- term export support, but they acknowledge that with his pro-posal to split ECGD in two Mr Kemp has opened up the UK's long-term erport credit support to closer and more critical scrutiny than ever before. before.

The greatest fear in the exporting community is that Mr Ridley, who is expected to announce his decision on the Kemp Report recommendations in November may be swayed by the

Treasury argument. At present be is an unknown quan-tity in the Department of Trade and Industry which he took over in the summer's reshuffle, but he is noted for his free market views and his habit of setting his own convictions before public opinion. It is an outside chance at present but these qualities could just lead him to make of Britain the first leading industrial country unilaterally to abandon all forms of official medium-term export credit support.

Austrian group in joint venture to build Burmese hotels

Tun in Rangoon.

Mandalay and 150 in Pagan, which is in central Burma. Under the joint venture,

recently signed at Vienna, for mese partner. 15 years after completion the hotels will be managed by the two partners - OIAG, the Austrian holding company for state groups, and Burma's gov-ernment-owned Myanma hotel

total of tourists averaged about 41,000 before the trade received a severe shock during the political upheaval and col-

At present Burma has only 16 hotels which cannot pro-August and September last vide sufficient internationalstandard accommodation for the comparatively small num-ber of tourists. The annual

The military government, which took over in September last year, has taken steps to revive tourism and expects that, with the return of normality and the new "open door" economic policy, tourists will increase.

lapse of law and order in



Moscow and Ankara to expand trade links By Jim Bodgener in Ankara

TRADE links between Turkey Soviet relations. But so far it and the Soviet Union will has bolstered tourist and cul-expand rapidly, according to a protocol signed yesterday in Moscow, An increase in samal: The protocol also provides bilateral trade has been tars. for a \$5000 credit from Turkey, getal to reach \$400 compared to the Soviet Union, in support with about \$100 this year and of construction contracts to two more border crossings will - Turkish. companies for Soviet

Rangoon, Mandalay and Pagan under a joint venture with OIAG of Austria, writes Chit THE Soviet Union could become a natural gas supplier to Britain to finance increased British imports and repay the According to official sources, the hotels will cost an investments of joint ventures,

He said that Soviet gas could find a new market in the UK thanks to electricity privatisation, or it could be used as a straightforward barter commodity to be sold on third markets. However, such a plan would mean a big investment in an extension of the Soviet

gas pipeline to West Germany. Lord Trefgame made his pro-posal at the latest meeting of the UK-Soviet joint economic commission, as part of a plea for new ways of financing Anglo-Soviet trade in the light

of a chronic hard currency shortage in Moscow, There is a huge disparity between Soviet and British sta-tistics for bilateral trade, with

Soviet gas 'could find THE Burmese Government, in a move to promote the tourist **UK market'** industry, has agreed to estab-lish three five-star hotels at the main tourist centres of

estimated \$110m, 65 per cent of which will be in foreign exchange and 35 per cent in Burmese currency. Construc-tion of the hotels will begin next year, for completion in 1993, and they will provide 434 rooms in Rangoon, 176 in

and tourism enterprise. At the end of the 15-year period, ownership of the hotels will revert wholly to the Bur-

be re-opened into east Turkey. The protocol was signed by LICHT MINI 1000, U 3

Mr Ekrem Pakdemirli, the Turkish Finance and Customs Minister, and Mr Lev Voronin, Soviet First Deputy Prime Min-

ister. The two border gates are at Ahuryan and Nahcivan, bring-ing the open border crossings in the east to four.

in the east to four. The other two are at Dogu-kapi and Sarp — the latter was re-opened last summer in a blaze of publicity vaunting the current warming of Turkish-

gated.

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ht industrial mants Turkish imports of Soviet natural gas via a pipeline con-structed from the Bulgarian border up to Ankara will total the Soviet Union suggesting that the overall level increased 14 per cent, while the British 6.000m cubic metres by the figures showing an absolute early 1990s. The feasibility of the second pipeline across the eastern border is being investidecline, from £1.3bn in 1987 to £1.2bn in 1968. The two sides are committed

Other areas of co-operation canvassed in the protocol include iron and steel production, railway construction in Turkish Thrace and a rail link between Iraq and Turkey. The two sides are committed to seeking a 40 per cent increase in trade by the end of the decade but, although there has been a 10 per cent improve-ment so far this year, most of the increase is in Soviet oil sales and British grain exports, Lord Treforme said. Lord Trefgarne said. The squeeze on foreign exchange was affecting all aspects of the relationship, he

As far as British lines of credit were concerned, he said that more money was on offer than the Soviet Union was

ready to accept. "They take an admirably prudent Victorian view of bor-rowing," he said. "One can only admire them, although it may not be very good for Brit-ish exports."

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OVERSEAS NEWS

Peking steps up attacks on Hong Kong **By John Elliott** in Hong Kong

CHINA yesterday stepped up Its recent series of attacks on Hong Kong and the UK when it rejected a decision to move a naval base out of the British colony's central district - a move which, it said, was unacceptable. Mr Ke Zaishuo, a senior Chi-

nese diplomat based in Hong Kong, said that the British government had "no right to make e unilateral decision" on mov-ing the base, which forms part of the British forces headquar-ters garrison at HMS Tamar.

China regards Hong Kong's defence establishments as part of its sovereign inheritance which, it argues, should not be closed without its agreement

between now and 1997. Mr Ke is Peking's senior rep-resentative on the Sino-British Joint Lizison Group, which is preparing for Hong Kong'e return to Chinese sovereignty

in 1997. His statement marks the fourth angry statement in an escalation of diplomatic rows that have developed in recent weeks, notably over treatment of illegal Chinese immigrants. China is also annoyed that Hong Kong is to prepare a Bill of Rights.

The UK and Hong Kong have decided to adopt a more public postner in their dealings with China instead of trying to influence events behind the

They know the publicity will annoy Peking but believe that It is worthwhile because it Kong's confidence which has slumped since the Tiananmen Square massacre in June. Sir David Ford, Hong Kong's

chief secretary, announced last week that the Royal Navy base is to be moved in 1992 to Stonecutters Island in Hong Kong's harbour.

This will release land for a compreheusive reclamation and development of the north Wanchai weterfront.

Hong Kong government offi-cials argue that moving the naval base is not an important issue because no decisions have been taken about the main HMS Tamar defence headouarters.

London has urged Peking to reconsider the psychological impact of stationing PLA troops in Hong Kong after 1997, while Polying United in the state Gandhi throws Indian opposition into more confusion PRIME Minister Rajiv Gandhi yesterday threw the Indian opposition into further confusion by announcing that elec-tions to key state assemblies would be held simultaneously with the general election in

late November, reports David Housego from New Delhi. The effect of the move is to add to the opposition's difficulties in agreeing amongst themselves on a single candi-

date to put up in individual constituencies against the versy. The Communist party (Marxist) and sections of the Janata Dal, the party headed by Mr V.P.Singh, the leader of the opposition, have said they will not agree to seat adjust-ments with the BJP while the Congress. Unless the opposition can fight one-to-one against the Congress, they stand little chance of victory. The immense difficulties of the seat adjustment negotiathe BJP supports a march by Hindu fundamentalists next tions became further apparent yesterday when the BJP, the month expected to enflame communal tensions. Mr L.K. Advani, president of the BJP said yesterday that he Hindu militant party, declined to moderate its stance over the Babri Masjid (mosque) contro-

saw nothing wrong with the plauned march to Ayodyha on November 9 to reinforce Hindu claims to take over a mosque built on a site sacred to Hin-dus. He denied that prepara-tions for the march have contributed to recent communal rioting and bloodshed in northern India, Mr V.P. Singh yesterday appealed for the march to be cancelled in the interests of opposition unity

and communal harmony Among the states which it was announced yesterday would be holding elections to provincial assemblies at the same time as the general elec-tion were Uttar Pradesh (the largest in the union), Rojas-than, and Karnataka. But it seems likely that all 15 states due to hold state elections by March next year will also go to the polls. These include the

save talks major states of the Hindi speaking balt like Bihar and Madhya Pradesh.

on Lebanon Mr Gandhi's intention is to avoid (in the event of a Congress win) a repetition of 1984 when his ismislide victory at the general election was fol-lowed by defeat in state elec-tions in March. Until 1971, the convention was the general election and state elections were held simultaneously.

Delhi

Andrew Gowers THE Arab League and Western powers were yesterday engaged in a final attempt to save a three-week meeting on the future of Lebanon from colwith talks between Lebanese deputies in the Saudi resort of

Last ditch

attempt to

By Lara Marlowe and



والمعر وتسعينا أستار وتنظيون هنا وتعسيران والمسار

his French interlocutors' atten-tion on the deadlock in the

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tion on the deadlock in the Lebanese peace process. Sixty-two Lebanese Moslem and Christian MPs have been debating a document drawn up by the Arab League's commit-tee on Lebanon since Septem-ber 30. Last week, they came close to agreeing on the peace plan. But since then, the balks have stalled over the question of the withdrawal of 40,000 Syr-ian thoms, with hardline Chrisment to adopt Urdu as its sec-ond provincial language. This provoked violent rioting in Badaun where for the first time since partition a train was stopped and 13 people butch-ered. ered. The BJP feared that Mr Gandhi might again gather up the Hindu vote by engineering a court decision that gave the Babri Masjid to Hindus before

ian troops, with hardline Chris-tian leaders in Beirut insisting that a timetable for a Syrian pullout be set. the election. As it is by using the issue to sew discord amongst the opposition, Mr

French diplomats have asked Syria and General Michel Aoun, the Lebanese Christian leader, to make public commitments to support the Arab League peace process. But in both cases, the response feil short of French expectations.

In London yesterday, Mr Wil-liam Waldegrave, the junior Foreign Office minister, disclosed that Britain had in recent days been in touch with Gen Aoun as well as Mr Walid

the majority, an unusual stance for Mrs Margaret Thatcher, the Prime Minister, who is used to being out on a Gen Aoum as well as Mr Walid Jumhlatt, the pro-Syrian Druze militia leader, and Mr Selim al-Hoss, Lebanon's Moslem Prime Minister, to urge them to "put the interests of a united Lebanon above any sec-tarian interests". who is used to being out on a limb in the Commonwealth. To make things easier for all and sundry, the hope that the new incumbent would be chosen by consensus was abinduned and a secret ballot was held. The prospect that the ebul-lient and energetic Somy Ram-phal, a politician to his finger-tips, will be succeeded by a much more traditional public servant, does not, at first sight

Shamir takes public swipe at Washington

By Hugh Carnegy in Jerusalem

MR Yitzhak Shamir, the Israeli Prime Minister, has darkened already gloomy prospects for

an early globing prospects for peace efforts in the Middle East by taking a public swipe at the US role in the process and reiterating his refusal to compromise on his unwilling-ness to talk to the Palestine Liboration Computation

His statements follow a

rejection by the PLO leader-ship at a meeting in Baghdad this week of efforts by Mr

James Baker, the US Secretary

of State, to get the two sides to agree to an Egyptian initiative to convene Israeli-Palestinian

talks to discuss elections in the

occupied West Bank and Gaza Strip, as proposed in Israel's

own peace plan. In the event the Baker-Egyp

tian compromise suited no-one. The PLO objects to not being

Liberation Organisation.

Mosque may become storm centre of election

A communal flare-up is likely to favour the Congress party, writes David Housego

AYODHYA is a pinpoint on the map in the plains of North India. But the small town, the site of the Babri mosque whose ownership is bitterly disputed between Hindus and Moslems, opposition agreement on put-ting up single candidates against the Congress. In partic-ular the Moslems and the Marxist left have no wish to throw their support behind an opposition which is linked to has already become the storm centre of this election cam-paign and the flash point for communal violence in the

opposition which is linked to the Hindu revivalist party BJP, committed to the march. The approach to the Babri Masjid, built by a Moghul con-queror in the 16th ceutury, passes rows of Hindn temples, garlanded with flowers, and is thronged with chanting pil-grims. No Moslem dares come near the focal point of the mosque which is crowded by Hindus who believe it to be Ram's birthplace and have transformed lt into a Hindn shriue. Just ontside the Hindi speaking heartland. The day after Mr Rajiv Geudhi's unexpected announcement on Tuesday of elections in late November, Mr V.P. Singh, the opposition leader was already lobbying hard with Hindu militants to call off their planned march to Ayodhya on November 9. The march is to lay the foundation stone of a new Hindu Temple intended to replace the mosque built on the site which Hindus shrine. Just ontside the mosque is the model of the large new temple that Hindu claim was the birthplace of militants plan to put np to

SIMULTANEOUS STATE ASSEMBLY ELECTIONS ANNOUNCED

Lord Ram, one of their most important gods. If the march takes place it could provoke communal riots across North India preventing

Commonwealth

plunges into bitter

debate on S Africa

By Robert Mauthner and Roger Matthews in Kuala

Hindus pray in the mosque but the British later sealed the gates to all religions to prevent communal rioting. After long court battles, the gates were unlocked three years ago to fine Hindus access to the give Hindus access to the shrine in a controversial deci-sion that apparently had gov-ernment backing. Since then the Vishwa Hindu Parishad,

the most militant Hindu organisation, has campaigned to return the mosque to Hindu ownership and build in its

place the new temple. The fervour behind this movement reflects the growing strength of Hindu revivalism in the north which the BJP, a major component of the opposi-tion, hopes to take advantage of in the elections. The most recent stage in the campaign has been to bless in every vil-lage in India a brick that will be used in the construction of the temple, creating a mass movement associated with the revivalist cause, and sparking

By Robert Mauthner in Kuala Lumpur

CHIEF Emeka Anyaoku, who was yesterday elected Sec-retary-General of the Common-wealth, in succession to Sir Shridath (Sonny) Ramphal, is not exactly a household name, though he was briefly Nigeria's Foreign Minister in 1963. The phrase most frequently used to describe this arche-

used to describe this arche-

typal 56-year-old civil servant is "urbane and charming," after which even some of his

associates in the Commonwealth Secretariat find it diffi-cult to go much further.

Why then was the discreet and reticent Mr Anyaoku able

off riots in several towns. The death toll in communal vio-lence this year - much of it due to the Babri masjid controthe north. Bnt in the many

versy - stands at over 300. The next stage is the mass march to Ayodhya on Novemmarch to Ayodnya on Novem-ber 9 for the laying of the foun-dation stone, an act Moslems see as threatening their posi-tion as a minority religion, and which Hindus could repeat at other contested shrines. The fear is that there could be widespread violence with the election compared for the the

election campaign further heightening tensions. Mr V.P. Singh needs a settle-ment on the issue if the opposi-tion partners are to agree on putting up one candidate per constituency against Congress. He has urged Hindn militants to call off the march. But they would be deflating their own cause - and the BJP's strength if they accede.

Mr Singh'e own party, the Janata Dal, needs the support of the BJP if it is to do well in

The state of the

the north. But in the many constituencies where Moslems account for over 20 per cent of the vote, the Janata Dal cannot afford to be seen to be closely associated with a party flying the colours of Hindu revival-ism. Many Communists see Mr Gandhi as a lesser evil than Gandhi as a lesser evil than communalism. Though the Communists have few seats in the north, the opposition needs

the left'e support as well. Privately BJP leaders argue they have pushed the commuhe swept to power in 1984 on the back of his mother's assas-

While Prime Minister he has exploited communal tensions -most recently by attempting to win Moslem votes in Uttar Pra-Gandhi has more cleverly taken edvantage of the pas-sions simmering in the math. desh (the northern state in which Ayodyha is located) by getting the provincial govern-

nal issue to prevent Mr Gandhi upstaging them. There is much speciousness in this - though Mr Gandhi certainly played the Hindu card successfully when sination.

INDIA INDIA 500 miles 800 km



Tibet

sovereign right to do so. Diplomats said China had assumed it would inherit intact HMS Tamar, situated in one of the world's most spectacular deep-water barbours.

This latest outburst is characteristic of the attitude pre-vailing in Peking towards Hong Kong," one diplomat told Reuters news agency. "China wants to be seen as

the one who calls the tune over Hong Kong. They dou't want the Brits to do anything without their approval. They seem impervious to the effect it is having here," he added. "The line is that 'nothing

moves unless we say so," another western diplomat said.

US forces to use

Singapore more

US naval vessels and aircraft will make more use of Singapore from next year, the Singa-pore Foreign Ministry said yes-terday, Reuter writes. Singepore in Angust announced it had offered

Washington use of military facilities to demonstrate to the Philippines that other countries were willing to share the political burden of bosting US

Leases on Clark air base and Suhic Bey naval complex in the Philippines, the largest US overseas bases, expire in 1991. Manila has uot yet said whether they will be extended. discussed until today. But, with the sound of the Malaysian drummers who had greeted them still ringing in their ears, several lesders could not resist the temptation of raising the problem in their formal introductory speeches. In one of the most virulent welcoming speeches ever heard at a Commonwealth summit, Dr Mahathir Mohamad, the Malaysian Prime Minister, and host to the conference waded

COMMONWEALTH leaders did

not allow the pomp and circumstance of the formal

opening of their week-long summit here to deter them from plunging straight into the problem of South African

According to the official

agenda of the conference, South Africa was not due to be

Lumpur

sanctions.

both into South Africa and the industrialised countries, whom he accused of completely neglecting the interests of the developing world. Both he and Mr Brian

Both he and Mr Brian Mulroney emphetically contradicted Mrs Margaret Thatcher's view that sanctions were ineffective. Sanctions had worked and must uot only coutlnue, but must be escalated, Dr Mahathir said. "Investments and financial Mrs Margaret Thatcher, for her part, repeated her well-known opposition to sanctions in a speech on the international situation.

The British Prime Minister said there were encouraging signs of movement in South flows to South Africa must be Africa. President De Klerk had completely stopped." A Committee of eight shown a willingness to listen to all shades of opinion and to release virtually all the long-term political prisoners. This was a major step forward and should be recognised as such. Consideration of further Foreign Ministers set up at the Vanconver conference two years ago has been looking into the impact of sanctions. Before last night's reports that South Africa had rescheduled \$8bn of its debt, it had been avanced that a proposal to sanctions in these circnmstances would be expected that a proposal to exert pressure on the banks to "utterly irresponsible." Much more was likely to be achieved in the fight against apartheid if impose strict conditions for the rescheduling of the debt would the Commonwealth gave

As late as yesterday afternoon, the Rev Allan Boesak, the Sonth African eucouregement to the authorities to continue on their present path.

to defeat the charismatic lognacious and immensely rperienc Fraser, the former Australian Prime Minister? Not, it should be said, because he cam-

paigned more effectively. Mr church leader, had reiterated in Kuala Lumpur that South Fraser was championed by the Australian Government and Africa should be given a breathing space of only a few did not hesitate to give press conferences extolling his own months before such pressure was exerted, to allow President maintenance of the commonwealth obliged him to De Klerk to put his promised reforms into practice.

The news that \$8bn of South Africa's foreign debt had been rescheduled, which came after midnight local time, is expected to throw the advocates of sanctions into stay silent. It was clear, however, that his backers, Nigeria and many of the other African and Asian Commonwealth members, did a great deal of lobbying on his behalf and that he was cer-tainly the favoured candidate disarray when the conference reconvenes later today. of the permanent Secretariat.

Anyaoku: quiet man yet to reveal his hand

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Chief Anyaoku after his election yesterday

A curious aspect of the electhe candidates for political rea-

tion was that it was held by secret ballot because none of the member countries wanted openly to back either one of the true by announcing that it did not mind who was elected

Mahathir displays his political skills

By Roger Matthews in Kuala Lumpur

THE TOP prize for political skills on the opening day of the Commouwealth conference went without question to the host, Mr Mahathir Mohamad, the Prime Minister of Malaysia. In a display of pugnacious political punching allied to faultless footwork he not only scored points domestically and internationally but ended up

winning the gratitude of fellow heads of government for showing that a contested vote can produce a unanimous result. If all this was e bit of a sur-

prise for the Commonwealth it was less so for the people of its main feature was, according to Mr Mahathir, the way in

which the rich countries had ganged up against the poor. They manipulated currencies, they directed world trade, and were now using environ-

metic changes. As for the world economy.

a lot more to answer for. Far from frightening off the delegates, Mr Mahathir's approach appears to have won him their unquestioning trust.

With two candidates running for the post of aec-retary-general and an unwanted hallot inevitable. Mr

solve to point out that this was perhaps a trial run for the sys-tem Mr Mahathir would like to adopt for when he next faces his own electorate. Lee advises West how

need of renewal day tried to still these fears by stressing that his role as a "loyal second" to Sonny Ram-phal should not be taken as a guide to his behaviour in the

servant, does not, at first sight seem to meet the needs of a

Commonwealth urgently in

and would bow to the wishes of

guide to his behaviour in the top job. One thing is certain, Chief Anyaoku is every bit as com-mitted to the fight against apartheid in South Africa as his predecessor and he chaired the working party which drafted the Accord on Africa at the 1995 Nassat summit

The 1985 Nassan sumnit. The quiet man at Maribor-ough House, who is liked by everyone but has, not so far, shown his teeth, may yet sur-prise the sceptics. That, at least, he announced yesterday, is his firm intention.

given a direct role. But Mr Shamir regards the USEgyptian formula of a Palestinian team drawn mainly Mahathir snggested that he alone should count the voting slips and whoever acquired more votes would be declared the unanimous choice of the from the territories with PLO approval as a transparent front for the PLO. conference. conference. The procedure was adopted, the successful candidate declared, and Mr Mahathir' ewears that he will uever divulge the actual voting fig-ures "not even to my wife". Malaysian cynics were uot slow to point out that this was perhans a trial run for the sys.

Mr Shamir said the US was trying to get Israel to meet the PLO. He warned of a confron-tation between Israel and the US unless Washington backed down "as they did on previous occasions" occasions"

Iraq 'to release young Gulf War prisoners first' By William Duliforce in Geneva

IRAQ HAS agreed to give priority to repatriation of young transan prisoners of war it still holds 14 months after the ceasefire in the Guif war, according to Terre des Hommes, a Swiss charity. Mr Michel Hoffman, director

of programmes for the Lau-same-based children's foundasame-oasen chunren's nonma-tion, yesterday deplored the failure of the International Committee of the Red Cross (ICRC) and the United Nations to seize the opening offered by the Iraqis.

Terre des Hommes released copies of a letter, dated Sep-tember 6, to Mr Javier Perez de temper 6, to str davier Perez Ge Cuellar, the UN Sec-retary-General from Mr Sabah Talat Kadrat, charge d'affaires at the Iraqi mission to the UN. The letter reaffirmed Iraq's The letter reaffirmed Iraq's readiness to exchange prison-ers with Iran "in isolation from the political negotiations" and on the understanding that pri-ority would go, first, to "child prisoners" and, second, to sick, wounded and disabled. Mr Hoffman claimed that recognition of Iraq's priority represented a breakthrough in

represented a breakthrough in the impasse over release of more than 100,000 prisoners of war held by both sides.

S Africa's fighters face a change of tactics

Patti Waldmeir reports on new-found freedom for leaders of ANC

clearer sign that political change is taking place in South Africa than the sense of confusion which reigns on every side.

Over the past week - since the day that Mr F W de Klerk, the Sonth African President, announced he was releasing top members of the African Netional Congress (ANC) from jail - both sides of the country's conflict have been re-evaluating long-held positions and reviewing cherished policies.

Evidence of change has been confused and contradictory. But it seems clear that, after many years of engaging each other by violent means, Pretoria and the ANC are finally beginning to engage each other politically as well.

The release of seven ANC leaders from jail at the weekend has altered the political situation in South Africa fun-

damentally and irreversibly. "What we are seeing is the beginning of real black politics

" bere is probably no in this country," says Mr Steven Friedman, a researcher at the South African Institute of Race Relations. "People who were martyrs for 26 years have now become politicians. The consequences of such a situation are much less predict-

be put to the conference.

The ANC, banned for nearly 30 years, has been effectively

freed from restriction by the

publicly in South Africa for

well over a quarter of a cen-

tury. The home-knitting indus-try is busy turning out jump-ers and caps in the black,

greeu and gold of the ANC,

while seamstresses have fash-

ioned flags and banners to

adorn the houses of released

leaders.

exiled movement, which has lts headquarters in Zambia. But their freedom to operate within the country means that in reality, an internal ANC

decision to release its senior internal leadership from jail unconditionally. On Sunday night, the organi-sation issued a press release to

exists already. However, the development of an active political movement within the country brings with it the risk of divisions, which

Those leaders deuy any plans to set np an internal ANC to function alongside the

are already becoming appar-ent. "When the hard political decisions were still 10 years away, unity was very easy," Johannesburg-based corresponsays Mr Friedman. "It is not dents printed on an ANC let-terhead - surely the first time such notepaper has been used easy any more."

arly evidence of strains came on Tuesday night, when two major opposi-tion figures publicly contra-dicted one another over the anti-apartheid movement's attitude to economic sanctions against South Africa.

Speaking on the fringes of the Commonwealth conference in Malaysia, the Rev Allan Boefrom the document prepared

sak, the prominent anti-apart-heid cleric, said he favoured a six-month probation period during which no further sanctions would be imposed. But Mr Walter Sisuln, the most senior of the released

ANC leaders, rejected this suggestion and called for more sanctions. He dismissed Rev Boesak - who rose to considerable national prominence while political leaders remained in jail - with the words "one must remember he is a churchman and they look at things differently." Differing views are also

emerging from other constitu-encies within the anti-apartheid movement. Over the past few months, there have been consistent rumblings of unhap-piness over the political role which Mr Nelson Mandela, the jailed ANC leader, is playing from his Paarl prison.

He is said to have drawn up opponents in the South African a document on negotiations with Pretoria which differs crisis really are stumbling towards a common ground.

by the exiled ANC leadership in Lusaka, and endorsed by internal groups, the Organisation of African Unity and the non-aligned movement.

Africa – a position which the released ANC leaders rejected earlier this week, and which is anothema to radical activists. But if there are the most tentative of signs from Mr Man-dela that he may show flexibility on this issue, Pretoria too may be preparing to be less

In an interview published yesterday in South Africa, Mr Gerrit Viljoen, the minister charged with starting constitutional negotiations with blacks, suggested that minority guarantees might be "less impor-

tant" after 20 years or so of a new constitution. Perhaps the

would sink into poverty and become worthless to China. If these 200,000 people and

to bargain with China By Roger Matthews MR Lee Kuan Yew, almost certainly attending his last Commonwealth conference as their families had an alterna-tive offer already in the bank should they decide that the

Chinese Government's behav-iour was unacceptable, then it might make Peking think Prime Minister of Singapore, came primarily to talk about Cambodia but, at least in pub-lic, ended up advising Britain and Hong Kong on how to deal twice, said Mr Lee. It would not be threatening or confronting China, merely allowing them to see the possible conse-quences of certain actions. First and foremost, said Mr Lee at a press conference, it was futile to confront China

To this end Singapore has already announced that it is because there was no chance of willing to guarantee a home for 25,000 Hong Kong families which can be taken up at any time over the next 10 years. Mr winning. The only chance was to bargain with China and in order to bargain one had to have alternatives. The most valuable alternative potentially Lee thought that an internaavailable to some citizens of tional conference at which Hong Kong was somewhere

tional conference at which other countries made similar such pledges could prove a use-ful tactic in persuading China to adhere to the letter of its agreement with Britain else to live after 1997. According to Mr Lee's char-acteristically blunt interpreta-tion of a nation's assets there On Cambodia, Mr Lee accused the Western media of misreeding the situation by

suggesting that the only choice was between the Vietnamese

puppet regime of Hun Sen and

the Khmer Rouge.

were perhaps 200,000 people in Hong Kong who made the colony economically prosperous. Without them, he declared, it

Activists fear Mr Mandela may be willing to concede some form of protection for white rights in a future South with China.

Malaysia who have had rather longer to appreciate their pre-mier's talents and know better how to interpret his speeches. For those more used to the blandness of conference ntter-ances the vigour of the lan-guage employed by Mr Mahah-tir was arresting. There was early denunciation of "state terroriem" as practised by Israel. The racist regime in South Africa was not fooling anyone with its receut cos-

mental and human rights issues as weapons to check the growth of the developing nations. The rich countries had

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SAN FRANCISCO BAY EARTHQUAKE

Networks bring an American tragedy live to the world trous earthquake and fire which all but destroyed large areas of San Francisco. It was men-tioned on the front page in the context of the New York and London markets, but the stories

By Peter Riddell, US Editor, in Washington

and the second second

IT WAS a peculiarly contemporary tragedy – witnessed and shared by tens of millions of Americans live on television as the horrors emerged in a confused pattern during Tuesday

For many Americans there was no For many Americans there was no delay. They knew something was wrong immediately. The earthquake struck st 5.04pm California time, 8.04pm on the East Coast, as ABC had just started its preliminary cov-erage of Game Three of the World Series (the baseball championship) from Candidation Participe Fact inst south of from Candlestick Park just south of central San Francisco on the western side of the bay. The Bay area has, for the past 10 days, been at the centre of national

days, been at the centre of hattohat attention and its residents on an emotional high because, for the first time, its two baseball teams - the San Francisco Giants and the Oak-land Athletics - have been meeting in the World Series. The crowd of

62,000 was packed into the Giants' home to see whether they could avenge their two defeats over the weekend.

After a few opening words, a clearly alarmed commentator Ai Michaels just had time to say "Til tell you what, we're having an earth ... " before ABC was knocked

off the air by a power cut. Candlestick Park was shaken for 15 seconds as the decks of seats and powerful lights swayed by up to a foot. Players on the field and fans were stunned, but there was no nanic and no one was seriously burt. Afterwards, there was an anti-cli-mactic mood and some fans were seen taking home lumps of concrete which had broken away from part of the structure,

That was the initial impression of the earthquake for most Americans as ABC quickly returned on the air, to be followed by the other net-

works, which offered continuous coverage during the evening. The extent of the damage and

casualties was at first uncertain as communications broke down. But communications broke down. But since it was still light, it was possi-ble to show the collapse of a 50-foot section of the upper level of the Bay Bridge, linking San, Francisco and Oakland, onto the lower level. Later a video taken by someone driving over the bridge showed a car ahead falling into the newly-created gap. ABC used its airship, the Good-year blimp, to provide vivid pictures of what was occurring in the San

year binnp, to provide vivid pictures of what was occurring in the San Francisco area - notably the enor-mous gas-main fire near the water-front south of the Golden Gate Bridge. This looked like a wartime film of night bombing, and domi-nated the screen, partly because the rest of San Francisco was blacked out by a power cut.

star newscasters - quickly returned to their New York studios to lead the coverage, thus fulfilling their role as national spokesmen in time of disas-ter, much more so than President George Bush, who, initially, could only briefly express his concern. The anchors, like Dan Rather and Tom Brokaw, scrupulously tried to avoid alarming people, even if their mes-sage was being contradicted by the pictures on the screen. pictures on the screen. Such was the initial confusion that only two bours after the quake

that only two bours after the quake did it become clear that the worst casualties - at first estimated at 40, and yesterday put at over 250 resulted from the collapse of a half-mile long section of the upper level of Interstate 880 in Oakland. This crushed people in cars on the lower level, which was packed at the height of the evening rush hour. As one eyewitness reported. "You could hear it crunching down - but

star newscasters - quickly returned

- the super-

you couldn't see anything. It was just a hig white cloud. You could hear people screaming for help." This disaster apart, the picture gradually emerged of widespread damage – broken windows, build-ings collapsing, holes in roads, gas leaking, power lines out, airports and bridges closed – but, surpris-ingly, not as many casualties as in-tially feared. tially feared.

There were a few reports of loot-ing in the crack-infested inner-city area of San Francisco, but, more typically, the initial response of stunned ically, the initial response of stuffield residents was followed by a railying round to help. The emergency ser-vices – long prepared for such a catastrophe – appeared to respond calmly and efficiently.

For outsiders, the mixture of hor-ror and curiosity at what was being seen led to a deluge of calls to find out about family and friends. Up to a million calls swamped phone lines in

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a five-minute period, and communi-cations remained difficult yesterday. By dawn yesterday in the Bay area, it was apparent that, for all the efforts of science and state dissetor efforts of federal and state disaster services, the damage would take many weeks and months to repair. many weeks and months to repair. The infrastructure of one of the world's big cities had been, and would remain, severely disrupted for-some time. Moreover, the fulfilment of the S3-year-old fears of a repeti-tion of the devastating San Fran-cisco earthquake of April 1906 might permanently affect both residents' and visitars' attitudes about the Bay

and visitors' attitudes about the Bay

area. After all, Tuesday night's earth-quake was not the hig one that geol-ogists have been predicting at some time along the San Andreas fault in California. The fond hope and illu-sion of many Bay residents that this may never happen has now been nunctured.

out by a power cut. The network anchors

Silicon Valley may bear the brunt of damage to industry

By Our Foreign and Financial Staff

THE San Francisco Chronicle, THE San Francisco Chronicle, one of the city's dalles, did not let itself be put out of business by anything so pality as an earthquake. Using a few Apple Mackintoshes, a laser printer and a photocopier, the journal-ists had an edition out on the streets as normal yesterday morning, albeit on a limited print run.

The Chronicle's ingenuity The Chronicle's ingenuity and efforts were reproduced all over the stricken Bay Area yes-terday. Emergency plans swung into action, and much of the city was slowly getting back to work. But the losses to some of the businesses of Sili-con Valley, in particular the smaller semiconductor produc-ers, may be catastrophic, and long-term damage to infra-structure will take months to renair.

Transport

Perhaps the most crucial Perhaps the most crucial link in the area's transport net-work, the Bay Bridge, is badly damaged and is closed. The bridge runs across the Bay from Oakland to San Francisco itself and is a major artery into the city. Transport authorities said they hoped to have the bridge back in at least tempo-rary service within a week. Most of the highway system closed down. So far there are no reports of major damage in that area. Semiconductor industry execu-Most of the highway system held up well, except for the Bay Bridge and the doomed stretch of Highway I-890 which

Francisco Bay area yesterday was causing delays to services. Telephone companies urged customers not to place calls to the area except in an emer-gency for at least 24 hours. Pacific Bell, the local telephone operator, said its network had suffered only minor damage. It had been helped by measures instituted to minimise damage to the system instituted since an earthquake in 1971. AT&T, the largest US tele-communications group, and gas leaks. The downtown financial district was cominfancial district was com-pletely without power yester-day morning. The Mayor of San Francisco has asked most people to stay at home, so there were few people working except in areas where there was normal rows. was normal power. The Federal Reserve Bank of New York said that the Federal

New York said that the Federal Reserve Bank of San Francisco was open for business yester-day and that the Fedwire, the Federal Reserve's funds and securities transfer service, was operating across the US. The San Francisco Fed is operating

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San Francisco Fed is operating on emergency power and only minimal damage is reported to its headquarters building. The Pacific Stock Exchange is based in both Los Angeles and San Francisco. Los Angeles trades mostly stocks while most of the options trad-ing is done in San Francisco.

Energy

Oil prices were initially marked up by as much as 30 cents a barrel in the Far East amid fears that refineries and amid lears that represented and pipelines in the Bay area may have been damaged, requiring fresh supplies of petroleum products from elsewhere. However, throughout the day it became gradually clear that refineries had sustained minimal damage promoting a

minimal damage, prompting a retreat in prices. By midday in New York crude oil futures prices at the New York Mer-

unchanged from the previous day's close.

Marshall ordered all crude oil,

refined product, and natural gas pipelines in the area to be

closed as a precautionary mea-

sure. Although no leaks had been detected in the pipelines, there were fears that they

could be ruptured in an after-

shock. Area pipelines are oper-ated by Sante Fe Southern

Pacific, Chevron, Royal Dutch/ Shell and Unocal

About 12,000 gallons of petrol spilled from a storage tank owned by Unocal. However,

this was contained and sprayed with chemical foam to prevent fire. Major refineries in the

area, owned by Exxon, Coastal,

The California State Fire



The remains of three-storey buildings are propped up in the street in San Francisco's Marina District after aliding off their tance of the blocked streets.

of this kind only began about

20 years ago. Scientists defend the uncer-

tainty of their predictions by

saying that not enough data

have been collected from

which they can detect patterns

Seismology an infant science By Della Bradshaw

AS the full scale of the devastation from the Califor-nian earthquake emerges, the inevitable question is why seismologists could not predict the timing and scale of the quake. No specific warning was

eventually puts the rocks duced by the fault. under so much pressure that a In the end many scientists section snaps off, causing the believe one of the best ways of unner so much pressure that a section snaps off, causing the earthquake. Even though earthquake pre-diction received a fillip, and a consequent high public profile. Shakes and other creatures

Engineers puzzled by road failure By Clive Cookson,

Technology Editor

Semiconductor manage vector-tives, gathered in Monterey this week for an industry con-ference, said that it might be about two weeks before their California plants could resome operations, even assuming that damage is minimal. Analysis suggested that the financial immact of the distribution of

impact of the disruption of business in the region could be as much as \$3bn to \$4bn. The Bay Area Rapid Transit way is running not lutelustio maily. It has its own power source, and so can run inde-pendently of San Francisco utilities.

AT&T, the largest US tele-communications group, and MCI Communications, the sec-ond-largest long distance car-rier, said there had been no damage to their networks, but call volume was being limited because of the very large num-ber of calls being attempted. High technology Nearly all of the high technology manufacturing indus-tries of Silicon Valley, the heart of the US semiconductor and computer industries, have

and the electric street lights are cut off.

THE casual reader of the Financial Times of 1906 might easily have missed the disas-

of the terrible destruction and

death were tucked away on

EARTHQUAKE

IN SAN

FRANCISCO

BUSINESS

QUARTER OF THE

TOWN WRECKED

AND BURNED

THOUSANDS OF

LIVES LOST

NEW YORK 18th April – A serious sarthquake occurred at San Francisco this morning. It was felt most severely in the South Market Street district, in the business quarter. The shocks were almost contin-uous for almost an hour

uous for almost an hour.

uous for almost an hour. Many buildings were wrecked and the debris afterwards caught fire. The oscillations burst the water mains, but the out-rush did not check the spread of fire. The first shock occurred at 5.13, about daybreak, and was quickly followed by others. The havoc was prac-tically confined to the busi-ness districts, the postal telegraph offices and the offices of the Southern Pacific Railway were destroyed.

Later messages from San Francisco show that the centre of the disturbance

centre of the disturbance was the upper end of Mar-ket-Street, the principal tboroughfare of the city, which runs from the sea front northwards for sev-eral miles. The City Hall, which fronts upon Market-Street and cost \$7,000,000 to build, is in ruins, as is the Emergency Hospital, which is near the upper end of the street.

destroyed.

street.

inside pages.

***** SAN FRANCISCO FIRE

CITY DOOMED TO DESTRUCTION -ESTIMATED DAMAGE £20m

POSITION OF INSURANCE **OFFICES**

NEW YORK 19 April - A despatch from Oakland at noon today says: - "The fire engines are returning. Their task is bopeless as there is no water. The entire city is doomed. The flames have spread to Nob Hill, one of the residential sections of the city.

At midnight the flames at San Francisco were blazing fiercely and there was no sign that the conflagration was likely to burn itself out.

General Funston, in command of the troops in the district, in a message to the Secretary of War in Washington, asks for thousands of tents to accommodate the homeless sufferers.

The damage to property will amount to quite twenty

millions sterling. The Government will send ten million dollars for the relief of the distress. Thousands of people will have to be fed for a long time by the authorities. Today's messages show that the havoc extended all

over the country within a hundred miles' radius of the city. At San José the number of victims is placed at 50. Santa Rosa is ablaze, and it is reported that 200 of the inhabitants of Niles have perished. The towns of Monterey (2,000 inhabit-ants), Gilroy (2,000) and Hollister (1,500) have been wrecked and the number of victims at Santa Cruz is reported to be large.

given before the earthquake, which struck at 17.04 on Tuesday, 20 miles south west of San José. In spite of the growing awareness on America's west coast that a big quake was on its way, the seismological fore-casts were appallingly general. The most specific predicted a 30 per cent chance of an earthquake in the area measuring 6.5 on the Richter scale within the next 30 years. One of the main problems

Dec 7, 1988

10 miles

16 km

of activity. with trying to predict earth-quakes is that fault lines are So far no single approved method of measuring changes in the earth's crust has capricious and so are the tremors they produce. The San Andreas fault, along which Tuesday's earthquake emerged. Indeed, seismologists are not even agreed on the best

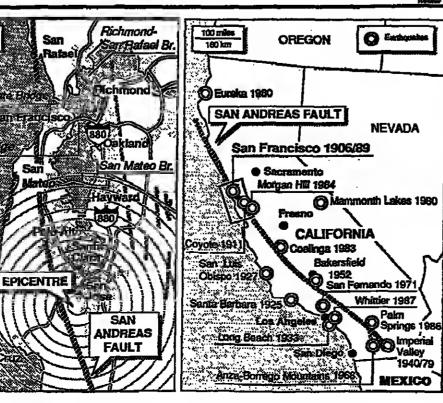
indicators to measure. Some, such as the British ran, scars California from north to south for more than 200 miles. The fault line marks Geological Survey, are concentrating on work to analyse the amount of water held in rock. where the two massive plates,

Armenia, USSR

the Pacific plate a American plate, each other as the conflicting direction That causes fr	scrape hey movions.	past the rocks al re in dilate, and t Others me	quake approaches, ong the fault line ake in moisture. assure the different ismic waves pro-
		MAJOR E	ARTHQUAKES
Date	Richter	Location	Effect
Apr 18, 1906 Mar 10, 1933	8.6	San Francisco, Ca Long Beach, Ca	Fire and earthquake kill more than 500; damage \$350m Quake killed 117.
Feb 9, 1971	6.5	Los Angeles, Ca	Sixty-lour people; property damage reached \$1bn.
Jul 28, 1976	7.8	Tangshan, China.	In just 23 seconds, 90 per cent of city destroyed. At least 250,000 killed; estimates up to 800,000. Chinese never issued official figures.
Mar 4, 1977	7.5	Bucharest, Romania	Most of city centre was razed. Death toll reached 1,541
Sept 16, 1978	7.7	Tabas, Iran	City in eastern Iran destroyed; estimated 25,000 killed.
Nov 23, 1980	7.2	Southern Italy	Earthquake rocks southern Italy, killing 2,735.
Dec 13, 1982	6	North Yemen	About 2,800 killed.
Oct 13, 1983	7.1	Eastern Turkey	Quake in provinces of Erzurum and Kars kills 1,300.
Sept 19-20, 1985		Mexico City	Twin earthquakes devastate city and kills over 8,000.
Oct 4, 1985	5.6	Tokyo, Japan	The most powerful in more than 60 years.
Ocl 1, 1967	5.9	Los Angeles, Ca	Quake near Los Angeles, caused millions in damages.
Nov 23-24	6.0/6.3	Westmoreland, Ca	Damage runs into millions in tiny desert community.

mages Damage runs into millions in tiny desert comm Westmoreland, Ca At least 25,000 killed, damaging Leninakan and Spitak.

Worst quales in history was probably the one in Shaarud, China on January 24, 1555, which was believed to have left 650,000 deed. Staarus Resta



when Chinese scientists accu-rately predicted the big quake which generally live in burrows or underground tunnels reportedly appear in large in their country in 1975, earthquake prediction as a science is still in its infancy. The rise in serious seismological work numbers above ground, and dogs and birds become active and noisy.

Perhaps the most chilling news for the inhabitants of California is that scientists agree this week's quake is not the "big one". In fact seismolo-gists have dismissed the quake in geological terms — if not human ones — as being rela-tively commonplace. About 15 tremors of the same magnitude occur every year around the world. Few cause the devastation of the ones in San Francisco or Armenia because they happen in sparsely populated areas or under the sea.

By comparison the San Fran-cisco earthquake at the turn of d over scale. more ergy of

bridges and an elevated highway is causing most concern to engineers studying ths aftermath of the San Francisco earthquake. Most buildings withstood the tremors without structural damage.

"There has been a catastrophic failure in the dou-ble-decker bridge mechanism. It has not withstood the earthquake it was expected to," said Dr Alistair Soane, chairman of engineering consultants Bingham Cotterell.

Engineers who specialise in earthquake protection said yesterday there were several possible reasons for the col-lapse of the upper deck of the Nimitz Highway, part of the San Francisco Bay Bridge and at least two bridges in the

Santa Cruz area. "It may be simple structural failure due to inadequate design; the supporting colunns may just not have been strong snough to withstand the horizontal movement of the carthquake," said Dr David Key of Bristol University's civil engineering department.

Another possible cause of collapse is that there may have been catastrophic failure in the joints or bearings which allow road bridges to expand and contract as the temperature changes. Following the 1971 San Fer-

nando earthquake in southern name earinguate in southan California, in which bridges also suffered badly, the state instituted a programme to strengthen the load-bearing columns and replace the bear-ings of older and more vulnerable bridges and elevated free-

Ways But another British earthquake expert, Dr Scott Steed-man of Cambridge University, said it would be a mistake to put too much emphasis on the structure of the bridge itself: "I believe that these hourific failures are not structural failures but ground failures." Although the role of soil

mechanics in earthquake fail-ures is still little understood compared to the mechanics of the bridge structure, Dr Steed man believes that remedial action should also include strengthening the foundations of the bridge piers and, where appropriate, draining the land around the piers. In contrast to the bridges,

there were no reports of modern high-rise buildings collaps ing. They swayed alarmingly with the tremors, as they are designed to.

Mr Edmund Booth, an earthquake expert with Ove Arup, the engineering consultancy, said the buildings that failed on Tuesday were "the older unreinforced masonry stractures that always do worst in earthquakes."

COVET

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But executives warned that

it could be weeks before the

All three airports in the Bay Area are running. San Fran-cisco International was closed overnight but opened at 6am local time yesterday morning. The only damage at San Francisco was to the air traffic control building, which is missing a ceiling and windows. Air traffic controls systems are working, but the service has been reduced. At Oakland, one runway had around 8,000 feet of damage but service is now normal. San José will be run-ning 24 hours a day because of

Telecoms

Francisco eartinquake

Telecommunications net-Telecommunications net-works in California appeared to have withstood the earth-quake with only minor dam-age, although the extremely heavy number of attempted calls into and out of the San

Machines and Hewlett-Packard both said their facilities suffered minor damage, but neither reported serious problems. But small Silicon Valley semiconductor manufacturers could be the worst hit by the disaster. Their processes involve sensitive technology and clean environments, all of which are likely to be damaged. Software companies are not likely to be vulnerable, except insofar as their hard-

ware is damaged. Shares of SunGard Data Systems and Comdisco soared ~ the companies provide disas-ter recovery services to compa-nies which are dependent on computers.

Financial services

There are two major prob-lems for the financial community: lack of power and people. Pacific Gas & Electric, the local utility, has switched off power in the areas hit by the earthquake because of the danger of

Tosco, Chevron, and Royal Dutch/Shell, were reported operating normally, The Nuclear Regulatory Commission in Walnut Creek, 25 miles east of Oakland, said there were no reports of dam-age at the state's six nuclear

Insurers sanguine about costs

By Patrick Cockburn in London and Jamie Buchan in New York

THE international insurance damage is assessed. They said there could be big pay-outs on commercial building policies, which will be partly shared industry was yesterday gener-ally sanguine about the extent of losses caused by the San with the reinsurance market, Meanwhile on Wall Street. on business interruption poli-cies and life policies. insurance and reinsurance

stocks soared in value as inves-tors bet that the earthquake A spokesman for Munich Re. the world's largest reinsurance company, pointed out yester-day that while it was too early losses will force the companies to abandon their current price war and raise premium rates. In the Lloyd's insurance market estimates of the cost of to talk about the ultimate cost of the disaster "one thing we of the disaster one thing we can say: We have known this would happen." As a result insurance and reinsurance the earthquake escalated rapidly from \$1bn at 10 in the companies have traditionally morning to \$10bn by lunchtime before subsiding later but insurance specialists stressed taken great care to limit their liability in the event of a Calif-ornia earthquake. Swiss Re said it expected its final liabil-ity to be less than SFR100m. that it was vital to distinguish between physical damage and insured loss, Insurance companies offi-Farmers, the big California domestic insurer which is an offsboot of BAT, said yesterday it was too early to assess losses. It said, however, that cials who talked with the California Insurance Department early yesterday morning said that they believed the main damage was to public infra-structure, such as bridges and although it had 14 per cent of property and automobile insurance in California only 14 per roads. Officials said there might be excess-of-loss policies cent of policies had earthquake

on the bridges and roads but most of the cost would be horne by the taxpayer. COVET. In Europe direct insurers have limited business in California and little of this is insur-Industry executives said only about a quarter of the householders in the Bay Area ance against the results of earthquakes. Royal Insurance, carried "shake" insurance on their homeowners' policies. Mr the Britisb composite most heavily involved, said yester-day that it expected its total loss, including reinsurance, to Greg Rossiter of Allstate, the number two homeowners' insurer in California, said 29 per cent of his company's poli-cies in the Bay Area, or about 60,500 homeowners, had shake total some £35m. This compares to the £123m cost to Royal of the hurricane which

hit Britain in 1987. Comparing the disaster to the 1906 earthquake, insurance experts say losses may be lim-

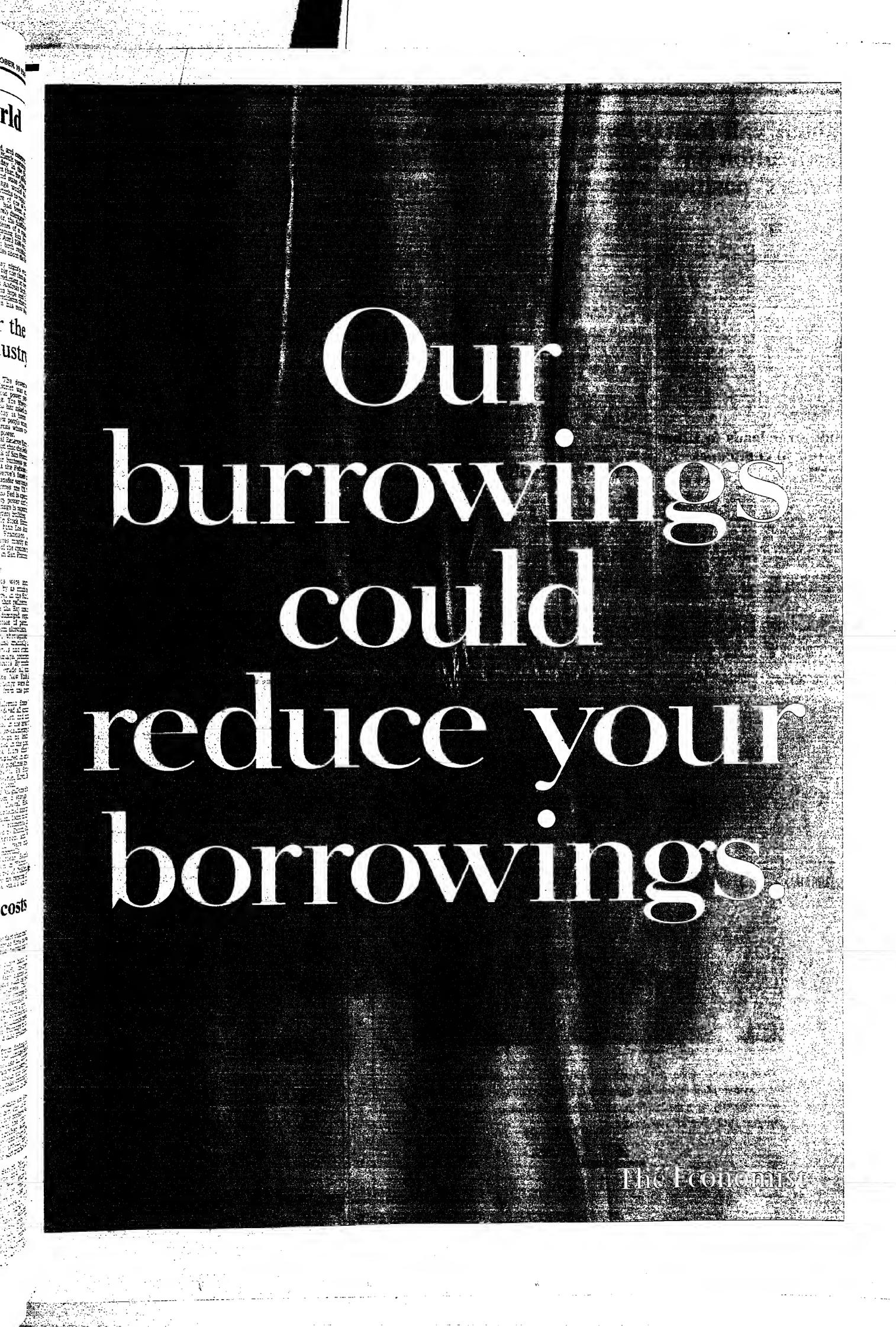
ited by the fact that there were no widespread fires as was the case at the beginning of the century.

On the other hand, in con-trast to 1906, insurers are likely to face claims for incidental losses such as interrup-tion of business. These will take time to emerge but are likely to be extensive, particu-larly if electricity supply is disrupted or commercial and industrial buildings need to be shored up. Damage to automo-biles could also produce a rash of claims.

Apart from finding out the extent of the damage caused by the earthquake all branches of the insurance industry are speculating about the chances of the earthquake ending the prolonged depression in insurance rates.

A spokesman for Alexander & Alexander, one of the main US insurance brokers, said yesterday that the earthquake, taken together with losses from Hurricane Hugo of \$4-5bn, could well provide the trigger to end the soft market in insur-

Wall Street believes the earthquake and Hugo losses together will exhaust ths insurers' loss reserves and force them to raise premium rates and seek cover in the reinsurance market. "This is reinsurance market. "This is going to have a salutary effect on the reinsurance business and could also improve pricing in the primary market," said Mr Herbert Goodfriend, an ana-lyst at Prudential-Bache on Wall Street.



UK NEWS

Labour call for proposes clarification on reform of Walters' position arts finance

By Philip Stephens, Political Editor

yesterday called on Mrs Mar-garet Thatcher, the Prime Minister, to dissociate herself from her chief economic adviser Sir Alan Walters over his stated position on the European Monetary System.

Sir Alan was reported in this Sir Alan was reported in this week's Financial Times as referring to the EMS as "half-baked" and adding that arguments for the exchange rate system have "never attend over a minimum lacel attained even a minimum level

of plausibility". His remarks were seized nis remarks were seized npon yesterday by senior Laboor spokesman who claimed they were evidence that the Government's policy towards taking sterling into the system remains in disar-

ray. The Government is expected agree to a full-scale House of Commons debate on the economy next week - probably on Tuesday - but Mr Lawson is likely to be pressed on Sir Alan's comments when he answers Treasury questions in

THE opposition Labour Party the Commons later today. Whitehall officials insisted that the Government's position on the EMS had not changed and that it would join when the conditions laid down at the Madrid European Summit were met. The Prime Minister's office said that no efforts had been made yesterday to seek clarification of his position

from Sir Alan. Mr Nigel Lawson, however, was said to be irritated by Sir Alan's intervention as it will be used by Labour to exploit the differences on exchange rate policy which emerged last year between the Chancellor and Mrs Thatcher.

Mr John Smith, Labour's chief economic apokesman, said that the open hostility of Sir Alan to full British membership of the EMS was in direct contradiction to the views of the Chancellor. The credibility of the Government's exchange rate policy was being "fatally undermined", he

Competing TV news Government

vision for a second national commercial television network By Antony Thorncroft in competition with Indepen-dent Television News, subject only to the protection of high THE most far reaching changes in the administration

and financing of the arts in the standards. UK for over 40 years were pro-The broadcasting bill to be posed yesterday in a Govern-msnt discussion paper "Sup-porting the Arts". published by early December will say that the Independent Television Commission, the body which is to replace the Independent Broadcasting Authority, "will be required" to licence a second or even Among the main recommen dations are a msrger of the Crafts Council with the Arts Council; a reduction in the third provider of national and number of Regional Arts Asso-ciations from the current 12 to seven; and a cut in staff levels international news for the

the year bnt will probably introduce legislation incorpo-

1990.

The ITC will, though, have the discretion to appoint a sin-gle news company if it believed competition would prejudice at the Arts Council, and among the RAA's, from 500 now to 400, by 1993. The Government suggests that the proposals will save £2m a year, which should be the provision of quality news. A competing commercial news network could under-

devoted to the arts. The Minismine the economics of ITN, a wholly owned subsidiary of the ter is to seek the comments of all involved until the end of ITV companies, and strengthen the position of the BBC as a news broadcaster. Unlike the ITV franchises,

rating most of the reforms in television news companies will not be appointed by competi-tive tender. They will be given a 10 year contract after an The remaining RAAs would have extra powers. The report suggests that their chairmen should join the board of the Arts Council and that they

groups to be sought. By Raymond Snoddy

THE Government has decided anomalously privileged posi-to proceed with legislative pro-vision for a second national ket philosophy (of the bill)." Mr George Russell, chairman of the IBA and a former chairman of ITN is believed to oppose having competing national commercial television

news services. The bill will make clear the Government wants:

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• The simultaneous transmis-sion of high quality national and international news to all the new Channel 3 (as ITV will be called in future) licence holders in peak viewing hours (though not necessarily by the same news organiaation). Channel 3 companies will not be able to have a controlling interest in the news companies and external investors will be able to own up to 20 per cent • Only Charmel 3 news organisations will be licenced by the ITC, but news providers to Channel 4 and the new Channel 5 will also be expected to provide high quality national and international news. The Government has rejected pleas from British Sat-ellite Broadcasting, the satel-

tive tender. They will be given a 10 year contract after an assessment by the ITC. Sir David Nicholas, chair-man of ITN, said last night be was pleased with Government plans. The rules on quality gave ITN he believed "an

Coal supply hitch threatens to upset power sell-off timetable

By Maurice Samuelson

THE GOVERNMENT's precarious timetable for privat-ising the electricity industry appeared under renewed strain last night because of a sudden hitch on future coal supplies for power stations.

After two promising negotiating rounds with British Coal about replacing the present informal arrangements with commercial contracts, a statement by an electricity official on how British Coal should structure its price led to a public row.

Mr Ed Wallis, chief executive of the Hinkley Point project follows a £180m rise in the cost of the Sizewell B plant which is under construction. of PowerGen, which will inherit 30 per cent of the power stations in England and Wales, said in London that he wanted British Coal to quote pit by pit prices based on individual proprice for its product, with a cheaper marginal tonnage related to world prices. Mr Malcolm Edwards, Brit-

duction costs and quality. He claimed that this also reflected the view of National ish Coal's commercial director, ish Coal's commercial intector, who is heading its coal negotia-ting team, said there was no question of adopting the course proposed by Mr Wallis. He said British Coal would continue to quote a single

reflected the view of National Power, its sister generating company, which will also inherit the modern nuclear sta-tions of the Central Electricity Generating Board. With fuel representing 60 per cent of the cost of electricity, Mr Wallis said, that was the only way in which power sta-tions could operate in the new competitive electricity market due to come in force next year. Individual pit coal prices price, with cheaper marginal tonnages reflecting power sta-tions' physical ability to switch to imports and oil. Mr Wallis said that if his company did not get its coal costs down it would be under-Individual pit coal prices would replace the present cut by competitors burning oil, gas or cheaper imported coal. arrangements, under which British Coal quotes a single

Average British Coal prices of £2 per gigajoule (a metric measurement of heat) com-pared with £1.30 per gigajoule for coal currently available to Unempedde power stations and THE Hinkley Point C nuclear power station can be built within the original estimate of £1.55bn despite a £52m increase in civil construction Thameside power stations and with the £1.60 price for oil increase in civil construction costs, according to the latest figures released by the Central Electricity Generating Board, delivered at power stations.

writes David Green. It says the increase can betaining more sulphur than many foreign coals, PowerGen also had a further incentive to offset by a £29m reduction in the project's contingency allowance and because of a £23m reduction in the antici-pated costs of initial fuel. switch to alternative supplies in order to meet environmental pressures on acid rain emis-The board's financial review

Of the 27m tonnes of British coal burned annually in Power-Gen'a power stations, all but 5m tonnes could be replaced with alternative fuel if British

With British Coal also con-

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with alternative fuel if british Coal did not offer an accept-able price, said Mr Wallis. Despite his tough remarks. Mr Wallis insisted he was "not rattling sabres." He later said that in the first year of electricity privetisation, British Coal was likely to retain 70m tonnes of the 75m tonnes a year which it currently supplies to the CEGB.

Over the following two years, however, that could drop to 60m tonnes a year. If that happened, British

Coal would have to find new outlets, such as major industrial customers, for its lost tonnage, or close about 15 more collieries with the loss of another 15,090 redundancies.

Forklift truck sales from

Lancer increase by 21%

should be responsible for the distribution of more money to Bank error leads to £2bn pay-out to companies **By Alan Cane**

The mistake was exagger-ated by the efficiency of the banks' antomated inter-bank clearing system, CHAPS, which is responsible for the daily movement of billions of pounds between the UK's 14 clearing banks. The entire £2bn was paid out within 30 minutes.

According to the trade news-paper Computer Weekly which reports the incident today, the bank concerned has asked all the recipients to return the funds but all the money has not yet been recovered.

The Association of Payments **Clearing Services (Apacs)** which oversees payments clearing in the UK confirmed yesterday that funds had been transferred in error bnt operations.

tion. A MINOR ERBOR by a bank official has resulted in one of the UK clearing banks acciden-tally paying out some £2ba to UK and US companies. The micrake was example.

preparing a CHAPS payment instruction, failed to enter the date. A fault in the computer few large national and regional arts companies, like the Royal Opera House Covent Garden, and Opera North, funded directly by the Arts Council; a software allowed the instruc-tion through and duplicated it. The funds were therefore new group of medium sized companies for whom the RAAs transferred twice. The fault is understood to lie in the bank's own software and not the would recommend the size of grant to be distributed by the CHAPS system.

The Institute of Electrical Arts Council; and the mass of Engineering and the British Computer Society warn of the need for better quality consmall companies and individual artists who would receive grants directly from their local trols on software to be used where lives could be at stake RAA.

Mr Richard Wilding, a for-mer civil servant in the Office in a new report. Commissioned by the gov-ernment, the report emphas-izes the difficulty of ensuring of Arts and Libraries and author of the paper envisages a higger role for business supthat software used for the conporters of the arts in the RAAs. trol of nuclear power stations or air traffic is safe and will There is likely to be wide-spread opposition to the pro-posals. not carry out unexpected

Solicitors' turnover up 19%

By Robert Rice, Legal Correspondent

THE TURNOVER of solicitors in private practice increased by 19 per cent to £3.09bn last year according to figures pub-lished yesterday by the Law

The rise in gross fee income varied from area to area across the country. Gross fees of solicitors in London for 1987-88 rose by 23 per cent to £1.46bn. This compares with rises of 15 per cent in the north to £867m and 17 per cent in the south to £770m

income of partners in London solicitors' firms rose by 17 per cent to £167,000. Average gross fee income of partners across the whole country rose by 15 per cent to £112.000.

per cent to £73,000 across the country as a whole.

The relatively lower rate of increase in gross fees per part-ner and solicitor compared with the rate of increase for the profession nationally is in line with expectations given the rapidly increasing size of the profession, according to the society's Annual Statistical Report 1989.

Solicitors are significantly concentrated in London, with 36.7 per cent working there. This compares with the fact that only 13.5 per cent of the population of England and Wales lives in London. Only London solicitors exceed the national average level of gross fees per solicitor of £73,000.

The number of solicitors on the Roll continues to rise. There were nearly 70,000 solici-

By Nick Garnett tors on the Roll at the end of July 1989, a rise of 5.8 per cent

on last year. More than 30 per cent of women solicitors continue to 128.6m in the year to March, a fise of 21 per cent on the previ-ous year's figure of £106.2m. This was broadly in line with drop out of the profession dur-ing the first 10 years of prac-tice. Of those who qualified 10 years ago, 68.5 per cent of women and 86.2 per cent of men are still practising. company estimates made this time last year. Pre-tax profits on ordinary activities at

men are still practising. But of the newly qualified solicitors, 45.6 per cent were women. Women also repre-sented 51.9 per cent of those passing the solicitors Final Economication in 1998 and 52.7 Eramination in 1968 and 52.7 per cent of new articled clerks. The profession will soon have approximately equal numbers of women and men solicitors in practice, the society says. Annual Statistical Report

confident. 1989, Law Society, 113 Chan-cery Lane, London WC2

LANCER BOSS, the UK's more resilient in a recession largest independent forklift than many of its competitors, truck maker, increased sales to . The overall market for lift

trucks remained strong. However, Sir Neville said that in the long term, a company of Lancer's size could not survive satisfactorily in the market without a significant partner.

This could involve merging the business with another com-pany though Sir Neville stressed that he would want Lancer to take the management lead in such a grouping. Sir Neville said a shorter term goal was the acquisition of another lift truck maker. The company is believed to

12th largest forklift producer, said the company was very have identified two companies it is interested in, at least one It had a new range of prod-ucts and was likely to prove of them believed to be Italian.

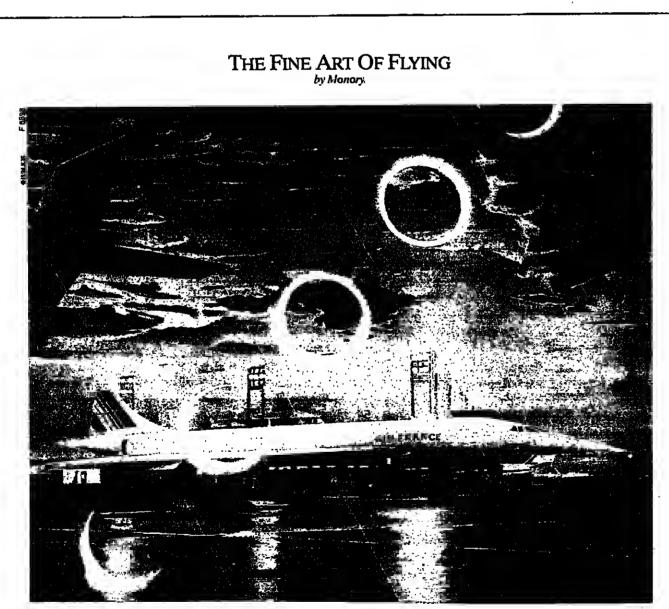
distribution of more money to their local arts groups, at the expense of direct funding from the Arts Council in London. At the moment the Council gives £30m of its annual grant of £155m to the RAAs for distribu-

An intermediary group of arts client would be created, making three levels in all-a

Society.

The average gross fee

Average gross fee income per solicitor in London rose by 15 per cent to £94,000 and by 14



"F-BVFA". Monory. From the Air France Collection.

Ever since its introduction, the Concorde has been considered the state-of-the-art. Today, the supersonic plane remains the flagship of Europe's Nº1 airline. The airline which has traditionally taken the lead in introducing the newest airplanes and technology to their fleet. Air France. The one to catch.



Boosting your sales through Africa's sectoral import programmes and projects.

£4.81m, up from £4.07m, repre-

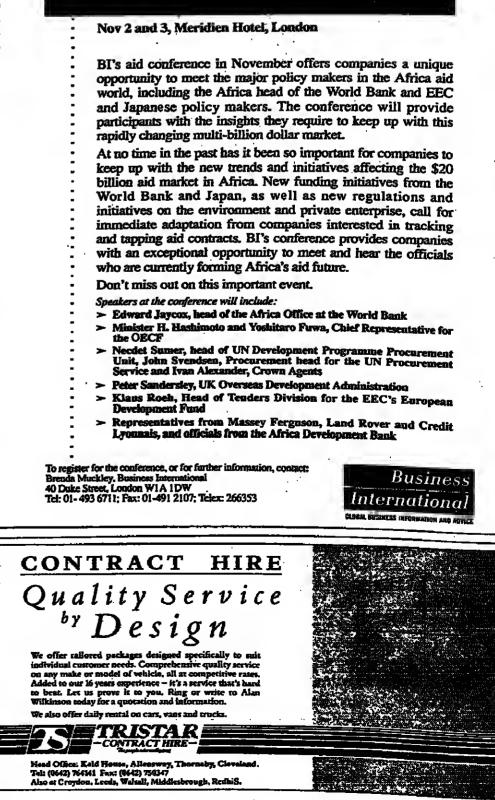
sented a similar percentage rise but was slightly lower

than the company had beeu

expecting. Sir Neville Bowman-Shaw,

chairman of the Lancer Boss

group which is now the world's



Solid strike vote expected

By John Gapper and Michael Smith

workers at seven hig manufacturing plants was predicted yesterday as engineering unions starting balloting the 24,000 employees there in their campaign for a reduction in the working week. However, employers believe white-collar staff may vote

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against strikes. There are also doubts about the degree of sup-port for the 35-hour week cam-peign at Smiths Industries in Cheltenham and NEI Parsons

A SOLID VOTE in favour of favour of an offer of a phased indefinite strikes by manual reduction in the working week to 37% hours, but national officials of the Confederation of Shipbuilding and Engineering Unions would not back it. Engineering unions are con-

fident of support at Rolls-Royce plants at Hillington, Glasgow and Parkside, Coventry. They believe there will be solid backing among manual workers at British Aerospace plants in Chester, Preston and Kingston. bot tor the so-hour week cam-paign at Smiths Industries in Cheltenham and NEI Parsons in Newcastle.goot Tyne. Shop stewards at Smiths Industries this week voted in

employees.

37 hours would be enough to shorten the hours of both manual and white-collar workers. Mr Bill Jordan, Amalgamated Engineering Union presi-dent, said the Engineering Employers Federation had attached unacceptable conditions to its April offer of a 371/2 hour week for all engineering

Balloting at the plants will continue today and tomorrow, and the first results are expected on Friday. The EEF said, the engineering industry could The group's first project, on which a feasibility study is being conducted, is expected to be a £1bn power station at ICT's not concede working hours cuts withont compensating hig Wilton site in north-east productivity improvements. England. It would be the biggest inde-pendent gas-fired plant pro-posed since the Government unveiled plans to sell off the power industry two years ago. Half the cost would lie in building a pipeline to feed the plant with natural gas from a North Sea field. England

Anglo-Argentine talks extended £1bn power amid signs of diplomatic progress

By Robert Graham in Madrid

north-east SENIOR Argentine and British diplomats yesterday decided to eriend their talks on normalis-ing relations into a third day, amid signs that substantial By Maurice Samuelson ICI, Britain's biggest chemical

UK NEWS

ICI plans

plant in

The other members of the

group are National Power, one

of the two generating comparises to be created out of the present Central Electricity Generating Board, and the

Enron Corporation, which

operates the largest natural gas pipeline network in the US.

Enron, which is also one of

the biggest US independent electricity producers, would design, build and operate the

Wilton plant. The 1,500 MegaWatt plant

would provide heat and power for ICI's own needs at Wilton

and sell surplus power to the electricity market. Its custom-

ers could be other ICI premises elsewhere in Britain.

The previous biggest inde-

pendent power project, the 1,000MW gas-fired station pro-posed at Barking by the

Thames Power consortium, has

run into difficulties because of

progress was being made. It is now considered likely the two sides will be able to company, has teamed up with the electricity industry and a leading US utility to plan a chain of gas-fired power sta-tions in the UK after the privaagree on a joint communiqué today, announcing a resump-tion of consular relations. tisation of the power industry.

This would be the first step towards the re-establishment of full diplomatic relations, broken as a result of the Falk-lands conflict in 1982.

The British side was also hoping agreement could be reached on the resumption of

MOTORFAIR

tima Britain to remove its objec-

Fall in car sales 'no

residence, just opposite the British Embassy in central

diplomat. The Argentine nego-tiating team is being led by Mr

direct air links between London and Buenos Aires, and the lifting of restrictions on British

Lucio Garcia del Solar, a roving ambassador for President Carlos Menem. The British side is being headed by Sir Crispin Tickell, Ambassador at the

> likely to become the majority These two held an hour-long motor fuel much faster than expected only a short time ago, according to Mrs Virginia Bottomley, junior Environment Minister atmosphere. This suggests that the careful advance planning for this meeting, the first direct negotiations between the two countries on normalising relations since an abortive attempt in 1984, was paying off.

Since July last year, sales of unleaded had jumped from less than 1 per cent to more than 25 per cent of total UK petrol sales. The next step was the requirement for all new cars to be fitted with catalytic converters by 1992.

USE of unleaded petrol is

spreading so quickly that it is

Kings Cross plans

PLANS for one of London's higgest redevelopment schemes, covering 134 acres north of King's Cross station, have been substantially revised to include two office towers, the largest 600ft high.

New takeover chief

more than a screwdriver oper-ation within the European THE new director-general of motor industry" unless car and part makers can foster the Takeover Panel, the UK's bid watchdog, is to be Mr Geoffrey Barnett, 46, a director of Baring Brothers, the mermore engineering expertise and maintain a big presence in research and development, Mr Derek Barron, chairman and chant bank.

Sunday's sales fall

SALES of The Sunday Correspondent, the new quality newspaper, fell to an estimated 365,000 for its fifth issue but the rate of decline is slowing markedly.

Compensation proposal

THE British Insurance and **Investment Brokers** Association, one of the representative bodies for independent finan-cial advisers, has supported the proposal by the Securities and Investments Board that life companies and building societies should contribute to the investors compensation scheme.

technicians at its Dunton Research Centre in Essex, with Navy mion walkout an annual R & D budget of NUMAST, the merchant navy

over £200m. officers' union representing 20,000 ships' officers, walked The company also maintains a major development facility at Cologne in West Germany, which is regarded as wholly ont of pay talks in Loudon after the employers, the British Shipping Federation, proposed complementary to the UK a 6 per cent pay offer. operations,

Ford employs 3,300 design-ers, engineers, scientists and

at the gates of Rolls-Royce workers had earned hours cuts through their productivity con-

said, was not to intimidate, as the unions claimed, but to find, out what was being said so they could counter misinformation."

Their anxiety was under-standable. Yesterday was the start of the climax to the engineering union's drive for a 35 hour week for Britain's 2m

engineering workers. After the meeting, the 2,000 Coventry workforce were due to start voting on whether they will be one of up to seven UK. factories to strike indefinitely over the issue. As at the six other sites, vot-

ing, will, continue today and tomorrow and the results will be announced on Monday after-11-2 2 ST. i and a 🖻 · (19 202) 7 15 Fallors the union's call. C :#3 (Cm

The ghost of the past appears

O ntside a Victorian built factory in the Midlands city of Coventry yester-day, several hundrad Rolls-Royce employees were geering through the fog at a group of union leaders who a faulty public address system, to stage an indefinite strike. It was like a scene for a 1960s black and white movie on itade unions, writes Michael Smith. Surveying the scene from platform were a handful of the

future very carefully," he said. There were alternative sources of supply, he said, and the f3m a year investment in facilities would rise because of its trans-

fer shortly to nearby Astby Similar messages were being conveyed to workers by managers, some of whom arrived specially early at the plant yes-terday morning. "We were available to anyona who wanted to talk to us," said Mr Boutell. "We wanted to balance the propaganda from the

The unions have been spreading their gospel over several months through mass meetings, shopfloor talks and leaflets. At the three mass be announced on Monday after-noon. Some, but not all groups including Mr Bill Jordan, of of workers are likely to answer the AEU engineering union, the union's call.

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cessions.

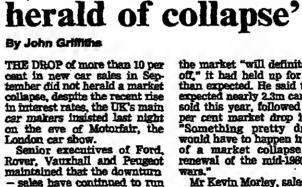
Mr Tom Hartopp, shopfloor convener, said one issue was "whether you support the union or not." A "No" vote could lead to unacceptable conditions being imposed on the workers. That struck a chord with

many listeners. Mr Ian Tobin, a 25-year-old manual worker, believed the nnions' hand would be weakened in negotiations on other issues if a majority voted against stri-king. "If we do not go out when strike pay is £150 a week, we are even less likely to do so when it is £15," he said.

There was, however, a strong body of opinion against striking. Mr David Pullen, 40, a hlade shop colleague of Mr Tobin, said he had never before voted against the advice of union leaders. This time he

intended to. "My mind has been in a tarmoil but this cam-paign does not gel with me." Mr Pullen was concerned the local anthorities want to huilding houses on its preferred site. One of the main advantages of the Wilton plant is its coastal location. Its gas would that the plant would not get the full backing of other manufacturing workers if it went on be brought directly ashore and strike. A reduced working its owners would not have to week would not make a signifinegotiate terms for moving gas through British Gas's onshore cant difference to his life, he said.

transmission system, a prob-lem faced by many of the other private gas power stations pro-posed in the past year and a half A straw poll of about 100 Rolls-Royce employees outside the factory gates hefore the day shift began – and before the mass meetings – showed a The group is negotiating with several offshore gas pronarrow majority in favour of striking, with support stron-gest among manual workers.



10 per cent below last year's levels during the opening days of October - had been expec-

ted, and that the UK was still heading for another year of record sales. All four appeared to dismiss the prospect of any serious renewal of the heavy discount-ing and financial incentives to dealers to "move the metal."

Fears are also being expressed that the short-term car rental industry, which

buys some 200,000 cars a year - about 10 per cent of the mar-ket total - may cut back their orders sharply in the rest of this year as a protest against manufacturers' sales strategies, which are allegedly undermining their fleets resale values, on which most of the rental industry's profitabil-

ity is built. Mr Paul Tosch, chairman of General Motors subsidiary Yauxhall, said that although

the market "will definitely tail off," it had held up for longer than expected. He said that he sold this year, followed by a 4 per cent market drop in 1990. "Something pretty drastic" would have to happen in terms of a market collapse for a renewal of the mid-1980s "car

WATE." Mr Kevin Morley, sales director of Rover Group, also fore-cast total sales for the year of 2.29m units, some 80,000 units more than in 1988.

According to Mr Derek Bar-ron, chairman of UK market leader Ford, "although we are beginning to see the early warning indicators of a downturn in the market, we expect that 2.275m cars will be pur-chaed in Britain this year, with sales of light and medium com-mercial vehicles accounting for a further 000 unbiller.

rival, which said this week it had built a stake of 10.4 per cent in the UK car maker.

a further 298,000 vehicles."

Derek Barron, chairman and chief executive of Ford UK, warned yesterday. In a speech in London, clearly designed to emphasise Ford'e investment and research and development commitments in the UK, against the background of its fight with General Motors for Jaguar Cars, Mr Barron claimed Ford was "the only volume producer in Britain which maintains full line infewhich maintains fall line integrated research, development and design facilities."

However, he warned that Britain had "lost a great many of its technical skills and the ability to design and engineer vehicles is now weaker than

 Sir John Egan, chairman and chief executive of Jaguar, the UK luxury car maker, said he hoped to present a plan to Jaguar shareholders within a month outlining the company's plans for co-operation with General Motors of the US. Jaguar is under hostile attack from Ford, GM's domestic

ducers about a long-term supply of fael. .

tions to Argentina signing a co-operation agreement with the European Community. Yesterday's talks were held

The first day's meeting took place at the home of a British

at the Argentine Ambassador's

United Nations.

companies operating in Argen-This, in turn, would enable

informal meeting yesterday morning before the formal talks resumed, in what was again described as a positive

Ford chief

warning on

By John Griffiths

UK research

BRITAIN will become "little

In Brief

Progress

on use of

unleaded

petrol









Guess who didn't send it by Federal Express.



Federal Express deliver over 1.2 million parcels daily in 360 aeroplanes and 25,400 vehicles, to 118 countries worldwide. And we don't just promise to get there, we get there on time. In fact, our unequalled track

record has made us the No. 1 air package carrier in America. Because we understand that if we don't meet our deadlines, you won't meet yours. See Yellow Pages for your nearest Federal Express Office.

Federal Express. When it absolutely, positively has to be there on time.

he problem with fish. says Boh Kennedy, marketing director of Britain's Sea Fish Industry Authority (SFIA), is that it is not user-friendly. It is wet and cold. It has bones, and it smells. Many women, though aware of its nutritional value, consider it difficult to prepare and cook. They think about it - and then often plump instead for something more convenient.

That is why the amount of fish - both fresh and frozen -eaten at home has been declining over the past two years. Consumption fell last year by 4 per cent, despite a levelling off in prices. The average house-hold only spent around £28. buying some 8.2 kilograms of fish, mainly cod, haddock and plaice. This decline was balanced to

a large extent by a continued increase in the amount of fish increase in the amount of that eaten outside the home. Demand from fish friers, hotels, restaurants, pubs and clubs rose by nearly 3 per cent to 52 per cent of the £1.7bn market.

But the SFIA this week is launching a £2.5m advertising campaign in an effort to increase home consumption over the next 18 months. The advertisements, devised hy BMP DDB Needham, the agency which took over the account in the summer, are being carefully targeted on women with young children in the Cl and C2 social categories. Some 18 per cent of families never eat fish at home, says Kennedy. But rather than try to change their eating habits, he believes there is a better chance of increasing consumption by persuading those fami-lies which do eat fish to eat it more often. Among the AB households,

at the top end of the social spectrum, familiarity with res-taurant offerings of sole bonne femme or filet de loup de men poèlé our aromates, has appar-entiy already belped to ensure more fish dishes being regu-larly served at home. These families tend to be health conscious, open to new ideas, and frequently entertain friends to meals.

Fish is also a regular part of the diet of households at the other end of the social scale. They include a high proportion of elderly people, used to buy-ing fish in the traditional way, and with time to prepare and cook it.

The nub of Kennedy's mar-keting problem lies in the mass market between these two, among the husy young women with children who "just do not

They have the plaice if you have the time

Philip Rawstorne reports on a campaign aimed at changing people's eating habits

FEW THINGS ARE SIMPLER TO COOK THAN FISH.

regard fish as a meal" except in the shape of an occasional fish finger. Penny Reid, BMP account

sumer attitudes - a wide-spread belief that fish does not make a substantial meal. Picturing a polar hear, this declares: "Fish can satisfy the largest appetites" in a type embellished by fish tails and director, says:"Our research showed that many housewives had little idea of how to turn a piece of fish into a meal. When they go to the butchers, they hooks. Each of the advertisements are not offered a piece of cow. includes suggestions for easi-ly-cooked fish dishes, ideas They get their meat in a form which suggests the meal -minced beef, steak, chops, or a rather than recipes; and repeats the campaign theme; roast

The first of the series of There are plenty more dishes advertisements tackles this problem by proclaiming "Few in the sea." The advertisements - in women'e magazines such as Essentials and Bella, Woman's things are simpler to cook than fish" above a picture of a plaice flying out of a toaster – a flippant treatment of the product that was only hesitat-ingly accepted until it got an enthusiastic response in con-Own and Me, and on supermarket trolleys - will be sup-ported hy a country-wide poster campaign and by point-of-sale promotions, including free recipes.

sumer testing. A second advertisement addresses another problem dis-The results of the campaign, the first generic advertising by

MANAGEMENT: Marketing and Advertising

the SFIA for more than a year, will be closely monitored. Ken-nedy hopes they will provide the evidence to justify a bigger marketing effort by the entire industry. "We want to demonstrate to the industry that

money spent on advertising actually works," he says. When the SFIA was estab-lished in 1981, it was briefed to pay particular attention to marketing but the authority's funds from a levy on the industry soon proved inadequate. The Government made an extra £12m available from 1984-88. Kennedy believes that the resulting advertising cam-paigns, including television commercials, were crucial in maintaining the size of the market as the retail price of fish rose rapidly, increasing at five times the rate of food gen-arally in 1995

erally in 1986. That subvention has now ended, and the authority is again feeling the pinch, despite a doubling of the industry levy to \$7 a tonne. Its marketing budget is now £2m a year which has to cover public rela-tions and promotions, home economics and schools pro-

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closed in researching con-

economics and schools pro-grammes, and research as well as advertising. Yet the industry still has a lot to learn, says Kennedy. Compared with the dairy industry which has been advertising continuously eince the 1950s, its marketing is still in

We have to find out what the market wants and supply it, just as the dairy industry has moved, for example, into low-fat products." says Kennedy. There is scope for improve-

ment in the presentation of fresh fish to the customer. Research shows that customer do not like to look into the eyes of dead fish on the fishmonger's slah. Where fresh fish is displayed as fillets, as in Scotland, more is sold.

Stores such as Marks and Spencer and Safeway are now displaying packaged fish in much the same way as they display other meats. But frozen fish is more often presented to the retail customer in poorly-labelled, plain plastic bags. Frozen, ready-made meals

are the fastest growing item in home consumption of fish. But these fish dishes still form only

a small proportion of total ready-meal sales. "Our industry has got to come to terms with the fact that it is competing against other foods " says Kennedy "If other foods," says Kennedy. "If it is going to get its share of the housewife's budget, it has to give fish the sort of appeal that will attract her attention."

After the catalogue - the video ance and credit services, and,

Mail order catalogues are generally huge and unwieldy, with 1,000 pages or more. They are trying to sell goods which may not look exciting on the page, and services such as insurance or credit terms with details in small print.

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Although mail order has a strong following among some shoppers, the catalogues are not, perhaps, the best way to entice people to shop from home. But until recently there has been little alternative. Mail order companies have

experimented with videos, mainly of the "fashion show" type, which can bring the clothes to life as a model shows them off. Great Universal Stores, one

of the giants of the mail order industry, has now produced a video which takes the idea a step further and aims to give customers a flavour of the whole catalogue. Though unlikely to win any BAFTA awards, the video has gener-ated interest among GUS'e

agents. Customers can buy a pack of three three-hour videos for £9.99, with the half-hour programme recorded on one of them. It can be wiped off leav-



pliers. Future editions of the

video could generate advertis-ing revenue for GUS as well as offering suppliers an alterna-

ing all three blank. So far 50,000 customers have bought 50,000 customers have bought the pack, and three people are expected to watch each video. GUS is also giving away one-hour tapes with the pro-gramme on as a promotion to certain customers. GUS thinks that in total about 500,000 peo-ple will end up seeing this video, out of its total customer list of 16m. Customers also list of 10m. Customers also have the full catalogue. Jackie Roberts, GUS's senior

marketing executive, reckons the profit from selling the videos should offset the production costs of making the

to Jackie Roberts' surprise, GUS's long-term agents admitted to learning something new, not having bothered to read the small print before. "This is no longer a society that learns from reading," she suggests. GUS is now assessing the

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response to the video, using its database, to see if people who have seen it are more likely to buy a featured item than those 7

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who only have the catalogue. The special offers can also be used to judge people's propen-sity to purchase from the video. alone. An offer of jewellery has already attracted over 2,000 orders, a high rate of response. Also the take-up of offers such as "buy-now-pay-later" from the catalogue is low, but may prove higher from the video if customers understand the scheme better.

The video script subtly includes many reminders and tive to huying expensive television time. As well as chowing goods reinforcing messages. The com-petition being run for video from the catalogue, including furniture, bedding, crockery customers, for instance, asks and kitchen appliances, not just clothing, the video has a number of other features. five questions all of which are answered in the video - and that encourages people to rewind the tape and watch There are special offers for video customers, a competition and a cooking spot. again. It explains some of the insur-

Maggie Urry

The heat goes out of the gardening market

The long hot summer is turning into rather a dismal automn for the Tather a dismal automan for the UK's gardening market. After hav-ing been one of the most buoyant leisure markets of the 1980s - with sales this year expected to top £2bn for the first time - the downturn in consumer spend-

ing is expected to hit the sector hard. "Expenditure on gardening is highly discretionary and thus vulnerable to any pressures on disposable incomes," points out Robert Senior, chief executive of Euromonitor, the market research com-pany, which has just completed a compre-hensive study of the gardening business.

"With the present slow-down in con-sumer spending, we expect little real growth in total expenditure in the garden-ing market this year after taking inflation into account," he adds. A further factor to have hit demand is the decline in private

have hit demand is the decline in private house building. The main problem facing the market, the gardening products industry feels, is that expenditure per gardener is small relative to other household spending: lit-tic more than 70p per head per week or \$100 per household e year. "It is clear that whatever recent growth has occurred in carrier smalling the national averages in garden spending the national averages are low and would seem to have some way

to go," says Senior. The short-term pessingism comes after the gardening market has doubled in size

last year. But gardens are getting smaller. The number of gardens with lawns of over 150 square yards has dropped by 4 per cent since 1985 and three-quarters of all lawns are smaller than this. The demographics of gardens shows, not surprisingly, that more people in the south of England have a garden; owner-ship is also higher among ABCI accio-economic groups (professional and executive) and peaks with middle-tige-smons.

The largest sub-sector within the mar-ket is horticultural products (plants and seeds), which account for some 40 per cent of all spending. Unfortunately, as Sentor points out, sales were hit this summer by the record level of sunshine which forced garden centres to reduce their stocks "It was literally too sunny for many plants."he says.

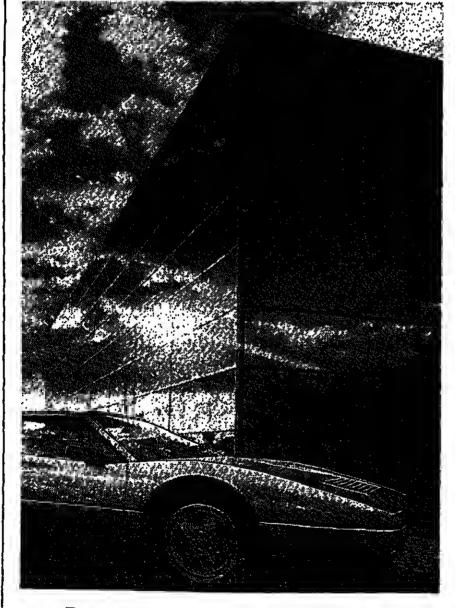
Euromonitor also notes that traditional garden methods are in decline, thus reducing demand for seeds and bulbs but with sharply increased expenditure on. bedding plants. Sales of such plants have risen from £35m in 1983 to an estimated £155m this year.

since 1983 - from £1.03bn to an esti-mated £2.01bn this year. Research shows, moreover, that an increasing number of British households have a garden: up from 84 per cent in 1984 to 88 per cent last year. viously. "Growth prospects are expected to be more selective," it says. Big-ticket items such as garden sheds,

to be more selective," it says. Big-ticket items such as garden sheds, conservatories, and lawn-mowers are not expected to continue on their growth track of recent years. But electric garden tools and lawn tractors are forecast to do well, in spite of the downturn in con-sumer spending, partly because of their novelty value but also helped by higher income groups buying larger out-of-town houses with big gardens, says the report. Outdoor leisure equipment such as gar-den furniture and barbecues not surpris-ingly did well during the long, hot sum-mer but future growth prospects clearly are subject to a repeat of the fime weather. Fertilisers and lawn care chemicals are also projected as e growth sector in the 1990s. Indoor plants should also be an expanding market - "these are undergoing e revival with the burgeoning interest in home decor and wide availability through distribution channels," says Euromonitor. Gardening into the 1990s, published

Gardening into the 1990s, published jointly by Garden Trade News Interna-tional and Euromonitor, 87-88, Turnmill Street, London, EC1m 5QU, £1,095.

David Churchill



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FINANCIAL TIMES

TECHNOLOGY

Clive Cookson explores the ramifications of the discovery of mini-antibodies **Big prizes in small packages**

and Amarican scientists, prom-ise to increase greatly the scope of the blobachhology industry. They are illusive to be the basis for a vast range of new drugs and disgnostic kits. And, they could revolutionise And they could revolutionise the production of organic chemicals.

Two research groups, one based at the Medical Research Council's Laboratory of Molec-ular Biology (LMB) in Cam-bridge and the other at the earch institute of Scripps Clinic in La Jolla, California, are working along similar lines. Their mini-antibody techuology has several advantages over the monoclonal anti-bodies, or Mabs, which have been one of the twin pillars of the 1980s biotechnology boom (the other being gene splicing): • Making Mahs requires several weeks' work with animal cells. Mini-antibodies are made by bacterial in a simpler pro-cess taking just a couple of

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• A typical Mab experiment gives the researcher only a few hundred different antibodies. from which to select the best. The new technology provides a wider selection; so mentists will eventually be able to-choose from a "library" of billions of different mini-antibodie

· The small size of mini-antibodies will allow them to do things that are difficult or impossible for bulky Mabs, such as destroying the cancer cells inside solid tomours and blocking the deep "canyon" sites on viruses

The LMB group - led by Greg Winter, one of the world's outstanding molecular biolo-gists - is ahead of the Scripps team in its published research. Its paper in last week's Nature is the first to show that miniantibodies made by bacteria work in laboratory tests. But the Californians say that

their unpublished work-is as far advanced as the Cambridge scientists. Both groups claim to be well-protected by patents. Patenting antibody technology is a sensitive subject at the . Medical Research Council, because the MRC and the National Research Develop-ment Council between them

failed to patent LMB's 1975 discovery of monoclonal anti-bodies. (At that time the NRDC, which has since become part of the British Technology Group, provided the only route for patenting state-funded research.) As soon as the com-mercial potential of Mabs became clear, MRC and NRDC officials started blaming each other for the failure to patent - and it is still not clear where the main responsibility lies. Mini-antibodies will give the

MRC another chance to derive a large royalty income from antibody research. Dal Rees, the MRC secretary, predicts that the new technology will replace Mabs altogether because it is so much faster, cheaner and versatile. In the process it will by-pass the patients now in force for spe-cific applications of Mabs. The Mab market is still in its infancy. A report issued this

ANTIBODIES are the guided weapons with which the body defends itself against foreign invaders -- viruses, bacteria and toxic chemicals. They are Y-shaped protein molecules made by special white blood cells. When these cells sense an unfamiliar chemical or micro-organism, they make antibodies with the right shape to lock on to the surface of the furnism.

the invad

the invader. While the binding sites at top of the Y stick to the invader, the remainder of the antibody waves like a flag to summon other specialist immune molecules to come and destroy it. A single cell can produce 2,000 antibodies per second. When there is a large invasion of, say, infinema virus, cells making the appropriate antibody proliferate rapidly. The original breakthrough in the production of sufficiel autihodies came in 1975 when

of artificial antihodies came in 1975 when Cesar Milstein and Georges Kohler of the Laboratory of Molecular Riology (LMB) in Cambridge discovered monoclonal antibod

(Make), For the first time scientists could make pure artibodies in large quantities. But making Make is a complicated and expensive business. First you inject a laboratory mouse with antigen — the substance which the antibodies are to identify. Later you remove antibody-producing cells from the animal's spleen and "immortalize" them by fusing them with cancer cells. Then you screen, the fused "hybridoma" cells to identify one that makes the antibody you want; this cell divides and proliferates in a suitable. colture medium, producing a clone of identical cells all making the same Mab. The new mini-antibody technology avoids

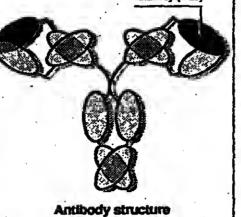
the time-constanting work with cell and tissue cultures, because genes for antibody components are isolated directly from nouse spleen cells, using the latest genetic engineering techniques. Thousands of copies

summer by Frost & Sullivan, ercample, has a Mab for treat-ing digitalis poisoning. Two US companies, Xoma and Centothe international market research organisation, puts total western European sales of cor, are racing to commerci-alise Mab treatments for the health care products incorporating Mabs at \$318m in 1988. It predicts a five-fold expansion. septic shock that sometimes kills hospital patients who are infected with antibiotic-resis-Most Mab products today are diagnostic kits, in which the antibody is linked to a marker. tant bacteria (the antibodies do not attack the bacteria themto show the presence or absence of a particular protein. selves but remove the lethal endotoxins secreted by them).

The best known examples are probably pregnancy tests incorporating an antibody against the hormone HGC which is produced only by pregnant women Webs Mabs linked to radioactive tracers are about to reach the market for medical imaging. These are designed to give doc-tors a better picture of tumours and heart disease in pregnant women. Mabs are particular than is possible with existing instruments. also used widely in testing for infectious disease and in blood

and tissue typing. But the great commercial promise of Mabs is in therapeu-According to Frost & Sullivan, the largest therapeutic use of Mabs in the early 1990s tic applications. The first anti-body-based drugs, now coming on to the market, are designed will be to treat infections dis eases (\$300m in 1993). The most to remove toxins from the

publicised application of Mabs as "magic bullets" aimed at Single domain antibody (Dab)



of each gene are made and inserted into hacteria, which then secrete the appropriate mini-antibodies.

that they will work well in many practical circumstances. If necessary, a Dab can be linked to a second component, the light chain variable domain. That construction is also a mini-antibody, about one-stxth the size of a fall antibody.

body. Wellcome of the UK, for cancer cells - will be taking off at the same time.

Rees says MRC policy will be to commercialise its mini-anti-body or Dab technology as widely and as quickly as possible, by giving companies nonexclusive licenses in return for royalties that are likely to be 1 to 2 per cent of sales. Most of the royalties will go to the MRC's commercial fund though the LMB and the indi-vidual scientists will be able to keep some. "We have to use the proceeds to build up a war chest to defend our patents -and show people that we really mean to defend them," Rees says. Defending generic technol-

ogy patents of this sort inevitably requires heavy expenditure on legal fees, particularly in the US. The Scripps Clinic sci entists, who are working with Stratagene, a Californian biotechnology company, are sug-gesting pooling their mini-anti-body patents with the MRC.

"The best thing for us is to collaborate and join forces," says Joe Sorge, chief executive of Stratagene. The Scripps and LMB scientists are on friendly terms and discuss their research openly. But Greg Win-ter, leader of the LMB team, believes it is too early to negotiste a financial agreement. The emphasis of the Scripps

antibody research is somewhat different from the LMB project. The Scripps scientists, led by Richard Lerner, are particu-larly interested in applying antibodies to catalyse chemical reactions. Catalytic antibodies have

been demonstrated in the labo-ratory but not yet used in prac-tical applications. The idea is to make antibodies work like enzymes to carry out chemical reactions that would not otherwise be feasible. This could turn into a huge business in the next century.

Whatever the precise practical applications of the LMB and Scripps research, Lerner has uo doubts about its modern jet enginee. long-term significance. "Our overall goal is the same as

theirs: to end a 200-year history of immuniaing animals to make antibodies," he says. The new technology will be used to build up a "library" of billions of artificial antibody componenis for almost any scientific application. crossings.

Protection from stormy weather

IN THE wake of hurricane Hugo, building research bodies are focusing on ways of testing whether new buildings will withstand the pounding of tropical storms.

A computerised lest system has been developed by the Building Research Establish-ment (BRE) of Watford, part of the UK's Department of the Environment. Called Brerwull, it can simulate the effect of a storm or hurricane on rooting material, cladding or windows,

The section of material to be tested, up to five metres square, is built into one side of a sealed pressure box. The computer instructs the patented valve in Brerwull to imitate the pressures and suctions which characterise tropical storm wind conditions. It can work from mate cal records to replic rologi

the patient records to replicate the patient of a specific hurri-cane — such as Hugo. The effects on the building material are collected and analysed by computer. The jest, which takes a few days, puts the material through the same port of wind treatment that it would receive during 50 years of use.

A synthetic's power to resist

SYNTHETIC materials have come a long way since cellu-loid was made from cotton and comphor in 1870, writes Andrew Wiseman.

A sturdy plastic material - called Todur - which can withstand temperatures of up to 260 deg C, has been developed by the West German firm Bayer, of Leverku-

Tests have shown that it is resistant to many chemicals - even hydrochloric acid for up to 12 months.

Large-scale production of Tedur will begin by the end of 1969 in Bayer's Antwerp works. The manufacturers believe it will find widespreapplication in industry as a replacement for metal, and could be used in cars and

The signalman's extra pair of eyes

BRITISH Rea Research is turning to one of the latest developments in computer technology to help ensure maximum safety on its level

It has commissioned software house SD-Scicon, of Fiest, Hampshire, to develop a computer system which combines neural network technology with pictures from a remote video camera. It will give signalmen a second pair of eyes when deciding how to operate level crossings. Neural networks learn by example. In the British Rall project the computer system will be ted both photographic data of past events at the crossings and the decisions the signalmen made based on those pictures. From that, the computer learns to distinguish normal procedures rom crisis situations. British Rall Research eves the project could

lead to other develop where the video camera and perform tasks which are danerous or monotonous.

The phone that wears two hats

THE spread of facsimile (fax) machines into the home has been hampered by the need to install a second telepi Now the smaller busine

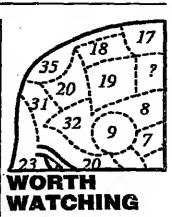
or domestic tax user can buy a plug-in unit which allows one telephone line to be used for both a fax machine and a telephone (or answering machine or computer modem). Developed by Bank-sia information Technology (BIT) of Hong Kong, the Phasewitch has now been

approved for use in the UK and is distributed by Tracelax When receiving a call from an automatic fax machine, the Phaxawitch recognises the calling tone of the machine and switches into tax mode. When a voice call or one from a manual fax machine is made, a digitised voice asks the caller to differ ntiate between the two. If It is a fax measage the caller is prompted to say "fax" after the bleep. If not, the phone will continue to ring. The machine costs £175.

Less radiation for

a clearer picture A SAFER form of medical X-ray could be on the way. Equipment is being developed that uses selenkum rathe than tilms of phosphor to produce the picture. Because selenkum is highly photoconductive it gives a higher quality picture with

1 ARERATION



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Edited by Della Bradshaw

a lower radiation dose the existing processes. Tests at Philips's research laboratories in Aachen, West Germany, have shown that the

dosage can be reduced by up to a factor of five. The equipment under devel opment at Philips uses a facshaped X-ray beam which moves across the part of the body to be studied. The image is recorded on a rotating cviinder covered with an amorphous layer of the selenium. That is then read by a series of electrometers and the data stored digitally for further processing.

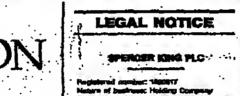
A quicker way to the green

GOLFERS could find their tee shots a less muddy experience by using an advanced turl system which already graces Newmarket Race Course and Blackburn Rovers's football ground Techturi, developed by Britag Industries, part of ICI, comprises real grass seed - not the plastic variety.

The grass is grown on a combination of sand, fertiliser and small pieces of plastic mesh, through which the roots of the grass stem. The embedded mesh means that when the gotter hits the ball, the club cannot dig as deeply into the turf, limiting the size of the divot that is gouged

As well as growing the turf in situ, Britag is offering an "Instant tee" surface, rolling pre-grown turf into place just in case your course lets you down at the last minute.

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An antibody is made up of 12 components called domains. It turns out that the component known as the heavy chain variable domain, which contains the binding site at the each tip of the antibody, will work on its own as a mini-antibody. This is what the LMB has christened a single domain antibody or Dah (see diagram). Dabs do not bind as strongly or as selectively as full antibodies but the LMB scientists believe

OTHER PEOPLE'S BUILDINGS.



For more information contact Clive Whiteaker, Lloyd's Register Industrial Division, Lloyd's Register House, 29 Wellesley Road, Croydon CRO 2AJ. Telephone B1-681 4040. Telex 28636 LRIS CR.G. Fax 01-681 6814. Lloyd's Register Industrial Division is part of Lloyd's Register of Shipping.

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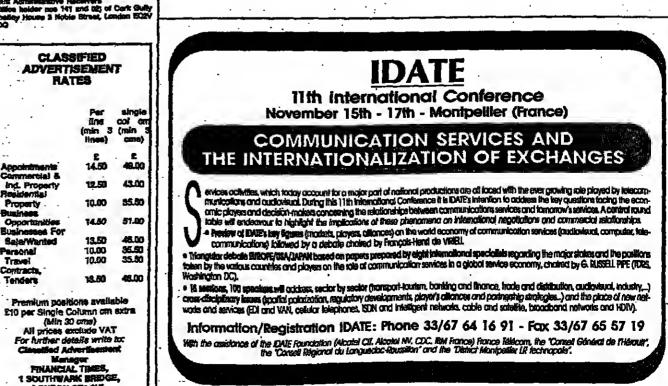
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GROUP GOLD MINING COMPANIES Summary of reports for the guarter ended on Septe mber 1989

Randfoutcin Estates

	Quarter ended	
	30.09.89	30.06.89
Ore milled: tons (000)	2 159	2218
Vield: grams per ton	3,15	3,00
Working cast - per ton milled	FI87,39	R77,89
	R000	F000
Profit from gold	30019	42 926
Net profit after tax	33789	43 894
Capital expenditure	81 632	33 849

Sestern Areas

	Quarter ended	
	30.09.89	30.06.89
Ore milled: tons (000)	875	965
Yield: grams per lon	8,73	3,09
Working cost - per ton mided	R141,29	R116,98
	RODO	8000
Loss from gold	18 209	11 925
Capital expenditure	5118	12903

EL J. Joel

	Quarter ended	
	30.09.89	, 30.06.89
Ore milled; tons (000)	110	98
Yield: grams per ton	3,0	3,3
Loss from gold (FI000)	8937	8450
Capital expenditure (A000)	18359	32034
Reet metres sampled	603	414
Average reef width: cm	38	45
Centimetre-grams per ton	724	1057

sin's mill throughput from underground has incre werage grades have improved. Working costs reflect annual wage nd general effects of inflation.

Areas again experienced increased u . Grade and gold output have however inc ed unit costs and d

loef's build-up of stoping tonnege is proceeding as planned. Current development grades are improving.

Exhurn Gold Mining Company Linuited. Shareholders are advised to study the operating results of Western Arons Gold Mining Company

Quarterly reports have been mailed to the inhereholders of each company. Copies of the reports may be obtained from Barneto Brothers Limited, 99 Bishopagate, London EC2M 30E.

Johannesburg 18 October 1989

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Notice of

Ordinary and Extraordinary General Meeting

Notice is hereby given that an Ordinary and Extraordinary General Meeting of Mediobanca will be held at the Company's Head Office in Via Filodrammatici 10, Milan, Italy, at 10.00 a.m. on 28th October 1989 in the first instance, and any adjournment thereto at the same time and place on 30th October 1989, to transact the following business:

Ordinary Business

1) The Accounts for the year ended 30th June 1989, the Directors' and Stat Auditors' Reports and resolutions thereon. 2) Election of Directors.

Extraordinary Business Proposal to increase the Bank's share capital from Lit. 204,000,000,000 to Lit. 272,000,000,000 by a bonus issue and from Lit. 272,000,000,000 to Lit. 340,000,000 by a rights issue to include a promium and to amend Asticle 4 of the Articles of Association to such effect.

2) Proposal to issue bonds in various tranches in a total amount of up to Lit. 5,000

3) Proposal to issue bands convertible into shares of other companies in various series to a total amount of up to Lit. 3,000 billion.

4) Proposal to amend Article 3 of the Bank's Articles of Association.

Under Article 8 of Mediohanca's Articles of Association, shareholders who have at least five days prior to 28th October 1989 lodged their shares at the Company's Head Office or at any Branch Office of Banca Commerciale Italiana, Credito Italiano or Banco di Roma or at Monte Titoli (in the case of shares managed by it) shall be entitled to attend the meeting on presentation of an admission ticket.

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> MR RICHARD OLIVER Tel (34 1) 577 09 09 ancial Times Fin

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FINANCIAL TIMES

FT LAW REPORTS

Tapes can be admissible evidence

REGINA v JELEN AND KATZ Court of Appeal Criminal Divi-sion (Lord Justice Tasker Wat-kins, Mr Justice Tudor Evans According t and Mr Justice Auld): October 2

then be cancelled by a credit note from Parkway in the follow-ENTRAPMENT of a police sus-pect into entering miknowingly into a taped conversation, does not render the recording inal-missible as evidence at his sub-sequent trial, if it was made before he had been arrested or questioned and the court consid-ers it will not have an adverse note from Parkway in the follow-ing quarter. He said Mr Jelen had told him the purpose was to reduce a VAT bill. He said he agreed, thinking it would not hurt anybody. He had received the Parkway involces from Mr Jelen, and got 2500 for his trou-ble. ers it will not have an adverse effect on the fairness of the pro-The chairs referred to in the invoices had existed. They had been delivered by Rabami to

effect on the fairness of the pro-ceedings. The Court of Appeal Criminal Division so held when dismissing an appeal by Mr Anthony Katz, and refusing an application by Mr Lawrence Jelen for leave to appeal against their convictions in the Knightsbridge Crown Court (Judge Parker) for conspir-acy to commit false accounting. MR JUSTICE AULD said that to April 1983 a Mr Allen formed a company called Parkway Trading

company called Parkway Trading to deal in office furniture. In November 1965 he employed In reovember 1985 he employed Mr Katz to act as manager while he went abroad. Parkway owed over £39,000 to a company called Rabami. By the turn of the year the debt had increased to over £61.000.

kil,000. Mr Jelen was a friend of Mr Katz. He was also friendly with a man called Mr Dempsey who controlled a company trading as Carly Jade. The accounting records alleged

to be false were two invoices from Parkway to Carly Jade for a total of 221,832, for chairs suppos-edly sold by Parkway to Carly Jade. The central issue in the case

The central issue in the case was whether such a transaction had ever taken place or whether the involces were false and cre-ated merely to give the impres-sion to Parkway's creditor, Rabami, that Parkway, though in a parlous state, had money due to it to.it. On March 4 1986 Parkway assigned to Rabami the Carly Jade debt of \$21,832. Shortly after that Rabami learned that Carly

Jade had begun to go into liqui-dation. In fact it had begun to go into liquidation in mid-January Mr Dempsey pleaded guilty to

conspiracy to commit false accounting. After he was sentenced he gave evidence for the prosecution in the case against Mr Katz and Mr Jelen. He said that at the beginning of 1986 Mr Jelen had offered him

money if he would help Parkway

by accepting, through Carly Jade, some Parkway invoices for

ended with Mr Jelen agreeing to arrange a meeting with Mr Kats to make sure that he had the story right. Mr Katz was the next to be arrested, and then Mr Jelen. Both were convicted of compu-acy to commit false accounting, and sentenced to nine months' imprisonment suspended for two According to Mr Dempsey, the proposal had been that he should put the invoices through Carly Jade's books and that they would imprisonment suspended for two years, and ordered to pay 25,000 sation

FINANCIAL TIMES THURSDAY OCTOBER 19 1989

compensation. Mr Katz appealed against con-viction and Mr Jelen applied for leave to appeal against coavic-tion, on the ground *inter alia* that the judge was wrong to admit the evidence of the tape recording.

him. As to the suggestion that the police were using Mr Dampaey in that way to avoid the regular-ments of the Code of Bractics which would have governed them had they chosen to ques-tion Mr Jelen, the judge perti-nently observed that Mr Jelen had not been arrested. The neovisions of the Code sorrecording, It was argued that the evidence was obtained by a trick, and the judge should therefore have excluded it as being undar midler. the discretion to do so given him. by section 78(1) of the Police and Criminal Evidence Act 1984. had not been arrested. The provisions of the Code gov-ering the detention, treatment and questioning of persons by police officers, were for the pro-tection of those who were vulner-able because they were in police custody. They were not intended to confine police investigation to conduct which might be regarded as morting to those rudge inves-

been delivered by Rabaini to Parkway just after Christmas 1985. But according to Mr Demp-sey they had not been ordered by him and they had not been deliv-ered to him or Carly Jade. Mr Dempsey had been the first to be arrested. He had admitted that the two invoices were false and that the supposed abipment was part of a cover story that he and Mr Jelen had arranged to present as genuine. Criminal Evidence Act 1984. Mr Martin for Mr Kats and Mr-Jelen submitted it was unfair because, first, Mr Dempsey lied to Mr Jelen when he told him he had said nothing to the solites; second, it was a confidential dis-cussion; third, Mr Dempsey was acting as agent of the police and they, by the device of using him, avoided complying with the Code of Practice governing police and Mr Jelen had arranged to present as genuine. That was the first the police had heard of Mr Jelen's part in the matter. At that stage they had insufficient evidence on which to arrest him. They there-fore asked Mr Dempsey if he would obtain some curroboration of what he had told them by arr-anging to have a recorded con-versation with Mr Jelen, without Mr Jelen knowing it was being recorded. Mr Dempsey agreed to cooperate and was released on bail. of Practice governing police

or practice governing points questioning. In support of those submis-sions counsel relied on $R \tau H$. (1987)CrimLR 47, a rape case tried by Mr Justice Gatehouse, in which the issue was consent. The judge excluded recorded tele-phone conversations between the complainant and alleged rapis, which took place after he hid: been arrested, questioned and released. He did so on the basis, that the recorded conversations bail. Immediately after Mr Demp-sey's release he had telephoned Mr Jelen, who told him to stick to the story he had given him. that the recorded conversations were a trap. The complainant had lied to the defendant telling. That conversation was recorded. Later Mr Dempsey had a further recorded conversation with Mr him she was not recording their. Jelen, in a car. Again Mr Jelen was unaware of the recording. In the course of that conversa-

him she was not recording their conversations. The submission in the present case was rejected by judge. He said the situation was not really different from a number of cases, where somebody had deliberately. hidden to overhear a conversa-tion, or had gone into a call block and heard one defendant talking to another. The courts requently admitted, conversations of that said the situation was not really different from a number of cases, where somebody had deliberately. hidden to overhear a conversa-tion, or had gone into a call block and heard one defendant talking dimitted conversations of that The judge distinguished $R \circ H$. The judge distinguished $R \circ H$. The judge distinguished $R \circ H$. tion Dempsey lied to Mr Jelen, telling him he had not said any-thing to the police. Mr Jelen did not make a confession or admis-sion of guilty involvement, but did make certain remarks from which his guilt could have been interred. He apologised to Mr Dempsey. for not telling him that the chairs would "disappear." He said he had caused the chairs to

The judge distinguished H 7 H. on grounds that there the defen-dent had been arrested; had been interviewed under caution; had asserted his innocence; had been released pending further inqui-ries; and there had then been a vertes of mounted phone courses. refused. For Mr Kate and Mr Jelen Peter Martin (Beller Needleman) For the prosecution: Simon Pratt and Ann Cotcher (Crown Prosecu-tion Service, Inner London)

series of recorded bhone conver-

sations all instigated by the com-

Rachel Davies

Barrister

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the judge, in the exercise of his discretion, to exclude the evi-dence? The judge took the view that it was not unfair, and there was no reason to disagree with

as sporting to those under inves-tigation.

As to counsel's reliance on R vH, the doctation of a judge whether or not to exclude evi-dence under section 78 was made as a result of his exercise of dis-

as a result of his energies of dis-cretion, based on the particular circumstances of the case and on his assessment of the adverse effect, if any, it would have on the fairness of the proceedings. The circumstances of each case were almost always different. There were a manher of impor-tant differences between R o H and the present case. Most importantly, the police here were at an actly stage of their enquiry into Mr. Jeten's alleged involve-ment, and had not yet even inter-viewed him.

It was true, as Mr Martin sob-



san he han caused the chars to disappear to get his own beck on Mr Allen for messing his employ-ees about. He told Mr Dempey to stick to the story he had given him, and said he and Mr Katz

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Janis Kelly and Richard Van Allen

Street Scene COLISEUM

ENO's co-production with Scottish Opera of Kurt Weill's "Broadway Opera" has arrived at the Colliseum just five months after it was unveiled in Glasgow, where it was widely period David Dependences states praised. David Pountney's stag-ing brings with it only a few of the singers who took the roles in Scotland, though two of them - Kristine Clesinski as Anna Maurant, Janis Kelly as her daughter Rose - are the evening's stars. Everything has been assembled with care and perception, but it remains an perception, but it remains an unsatisfactory show, slow to catch fire; its hybrid nature, signalled by the Weill's description, with one foot firmly planted in the world of the Broadway musical and one eye casting fond backward glances at the European oper-atic tradition, is never satisfac-torily resolved. In subject matter at least

In subject matter at least Street Scene is securely within what is perhaps the central thematic channel of 20th-century opera, which it shares with Wozzeck, Porgy and Bess, and Peter Grimes - that of individuals cramped and confined by their social and economic circumstances, and by the strictures of their communities; aspirations are nothing, all they can do is dream or be destroyed. There are no herces and villains in Street Scene, nly victims. In the last third of Weill's rescences, are harder to accept. only victim

La Traviata

CHURCHILL THEATRE, BROWLEY

score the threads of this theme are pulled together very sharply indeed. The musical invention suddenly engages top gear; the build-up to the murder and its aftermath, and minuter and its internation that the final awful realisation that even, the sparky, confident Rose has had her spirit crushed, definitively, are remorselessly plotted. All that is achieved through uncompromisingly operatic means, but the first act, and the opening of the second veer between the two styles, with the best numbers such as the Ice-Cream Sexiet and "Moon-faced, star-ry-eyed" the frothlest and closest to-Broadway, and even Anna's crucial "Somehow I never could believe" lacking the melodic identity that such an important aria needs.

Whether some of the cohesion could have been obtained through more purposeful con-ducting it's hard to judge; the Davis's affection for the score is never in doubt, but he sometimes handles things a little too fondly, lingering over toothsome details in a way that is neither helpfully expressive nor dramatically pertinent. Pountney's production man-ages both set pieces and indi-vidual characterisation with his familiar intelligence, though some details of David Fielding's design; the mummi-

As hinted above, the perfor-mances pivot around Cleanski and Kelly, who crystallise the ongoing tragedy of the Maur-rants; even that of the murdering father (a marvellously complex, thoroughly believable addition to Richard Van Allen's roster of roles) seems likely to be reflected in his son; young Willie, one feels, could easily go the same way. Both ladies turn in wonderfully frag-ile, pathetic portraits, butter-flies to be broken on the wheels of their hard-bitten neighbours. There is a similarly sympa-

thetic Sam Kaplan from Bonaventura Bottone, as futureless in his own way as the Maur-rants, and a gallery of brittle portraits arrayed around them, Meriel Dickinson's Emma Jones and Anthony Mee's Glasgow and the others, led by Terry Jenkins, Susan Bullock, Blythe Duff and Simon Masterson-Smith, seamlessly inte-grated into the production. Catherine Zeta-Jones and Philip Gould bring the house down with their tap-danced "Moon-faced," but the evening is just a little short on showstoppers like this: by the time Well's passionate humanity takes hold in the last 40 minntes it seems like another opera altogether.

Andrew Clements

Apples

case of an interpolated diver ROYAL COURT

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It is an interesting point, often rial capers, the opening night made, that the best pop rock was reminiscent alternatively song writers of the past 15 of John Osborne's infinitely (Bob Goody) comprising Lon- the trendles. I wish it were a superior The World of Paul Slickey and Under Plain Cover, two Court predecessors on the subject, and the last sad days of Joan Littlewood at Stratford East. Dury plays Byline Browne, employed by the Disgusting Press International. He is after the members of the Wagmore Club, and homes in on Sir Hugo Sinister, a fun-loving ministerial distillation of vari-ous hounded MPs, only one of whom, Harvey Proctor, is mentioned. This infantile prurience masquerading as moral expo-sure is all to familiar. I will concede that Dury presents the journalist himself as a toad even more loathsome than Sinister. But, like Richard III, we The latter two performers munch a bag of chips each and chuck the contents over the front stalls. This is all part of are on his side. The plot, to overstate the trite proceedings, involves missing minutes of the Wagmore club, a chase tound the vegetable stall where the an amateurish "it's not really theatre" ghastly jauntiness junior barrow-boy, Simpson (Jesse Birdsall), falls in love that keeps cropping up. Down sir, as the libidinous Sir Hugo

and you know you're washed up," muses the first-person voice early on. So yes, chances are he will: if only to salvage his self-respect and to revive the heady taste of 1968. Fur-6 the nearly tase of 1968. Fur-ther spurred to disgruntlement by visiting ex-flame Susannah York, now living deep in yup-pydom with a banker husband and a farmhouse in Tuscany, Krabbe is poised for an exis-tential gesture. Since he is also pritting a north whose theme is Gregory Peck in "Old Gringo"

Getting It Right, directed by Randal (Grease) Kleiser and scripted from her own novel by Elizabeth Jane Howard, is a hit-and-miss, wackily cast British comedy with hair on the brain

the quarry. Melancholia see-saws maddeningly between the trite and Who assembled this cast? the intriguing. The picture of a Britain creepy with political apathy and recidivism is painted with sly strokes. Den-nis Crossan's photography is film noir energised with halm-cination show toyches. And And above all who coiffed them? Assisting the sentimen-tal education of our hero, a young London hairdresser (Jesse Birdsall) seeking to lose his virginity, are Medusa-locked manic depressive Helena Bonham Carter, snooty cination-sharp touches. And Engel has a flair for turning stray gestures into telling actes Docklands nymphomaniac Lynn Redgrave (red wig, Roe-dean accent) and Peter Cook winning the toupee-of-the-year

award. Doubly qualifying for the epithet hairbrained, the film is also prey to the graver silli-nesses of British comedy: jaunty music, "I say, I say" overemphases and a support-ing cast of anything-for-a-gig-ela comutice gle eccentrics.

The only scene-stealer I wished had stolen more scenes was Pat Heywood as our hero's semi-demented suburban Mum. With her strange eating habits ("Yon know I never eat at meals") and even stranger culinary habits (of her Mexicanstyle chicken, "There's a good pound and a half of Cadbury's Fruit and Nut in it"), she seems to have landed in the movie from some distant, inter-

Meanwhile, in another part of the galaxies: "We have a pri-ority seven situation in the neutral zone," Yes, it is Star

Trek V: The Final Frontier, and yes, the neutral zone is in trou-ble again. So are Spock, Kirk, Bones, Scotty and the rest of the crew, still running the Starship Enterprise when most of them should be occupying maximum-security retirement

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homes in Florida. This new big-screen adven-ture is not their best. Indeed it is in many ways their worst. But who am I to discourage Trekkies? Much spectacle; many Klingons; a plot about a space guru who wants to meet God; and the usual genus of dia-logue. My favourite: "Please, Captain, not in front of the Klingons." (Discover the context for yourselves.) William Shatner stars as Captain Kirk what ever happened to his Admiral status? - and also co-wrote and directed.

Millennium is a piece of prodigal sci-fi uonsense about a society of the future which kidnaps present-day air crash victims just before they crash. Reason? The said victims con-tain essential nutrients for the 1000-years-beuce race. Kris Kristofferson is the air safety supremo investigating; Cheryl Ladd is the futuristic lady who falls for him; and Michael Anderson directs from a script by SF writer John Varley. Half-cock special effects, quar-ter-cock plotting, (An entire sequence is repeated just to make a point about hiccoughs in the space-time continuum.) Beam me out, Scotty.

Nigel Andrews



tissement, at a party, crassly vulgar. There is not enough compensation of impassioned dance for the principals, to make up

Miranda Memorial Society. Are we still startled by what Tinselbown can do with great or good literature? I fear we are. Never mind the promising fact that Old Gringo is adapted and directed by the dream fac-tory's newest draftee, Luis Puenzo (of Argentina's The Official Story). Fuentes's subtle 200-page reverie on the politics of emotion and the emotion of

elcome to the

Happy Revolu-tion. Old Gringo is Hollywood's

is Hollywood's attempt to grapple with Carlos Fuentes's haunting 1985 novel about love, death and idealism in early-century Mexico. Though produced by Columbia Pictures, there are times you could be forgiven for thinking the fully wes gnomeand by

the film was sponsored by Rent-s-Poncho and the Carmen

ARTS

CINEMA

camole Western with pretensions. Love-starved spinster Jane Fonda ("I've always been afraid of the unknown") goes to Mexico to become a governess. She bumps into septuageess. She bumps into septuage-narian writer Ambrose Bierce, played by septuagenarian film star Gregory Peck. Then she fails for handsome Jimmy Smits as Pancho Villa's right-hand General, Arroyo. As the war explodes around the basiona this trip accuries hacienda this trio occupies, with Arroyo's troops, our Jane discovers carnal love (Smits) and spiritual love (Peck). She also realises that - yes, folks - Mexico is a country with

politics still ends up like a gua-

real people and real causes worth fighting for. Fuentes's novel spun an

ironic daydream out of a historical enigma: the real-life dis-appearance of Ambrose Bierce in Mexico in 1914. Bierce's identity is only hinted at in the book: we guess at it along with the heroine. In the film it is slammed home in scene one, as our Greg - with dancing eye-brows and basso cantabile voice - dispenses puckish radicalism in a speech to a Washington literary audience.

Thereafter, spurious clarification is all. Instead of the dark mysterious buman vintages of Fuentes's story, the movie's characters are bottles of Hollywood plonk wearing declamatory labels. Instead of Fuentes's shifting, ironic view of war, we have a series of gung-ho battle scenes (Peckin-

ou now - assails a German-OLD GRINGO born, London-based art critic Lais Paenzo (Jeroen Krabbe) in this debut feature from the German-born London film distributor who runs the Artificial Eye com-pany. A one-time political activist, our hero is asked by a MELANCOLIA · Andi Engel **GETTING IT RIGHT**

STAR TREK V: THE FINAL FRONTIER William Shatner

Randal Kleiser

Guacamole Western

MILLENNIUM Michael Anderson

pah out of Delacroix) inter-spersed with Identikit Mexican merry-making. (Where on earth are all the dead and wounded? Silly question. This is a Happy Revolution.) Above all, instead of the complex relationships that form and reform in the novel

- with echoes of father-son (Bierce and Arroyo), father-daughter (Bierce and Harriet) and even sister-brother (Harrlet ad Arroyo) - we have three movie stars stuck like sparklers on the points of a hackneyed eternal triangle.

Beating a film over the head with its source novel is not always fair, nor even relevant. But everything wrong with Old Gringo can be traced to the way it trivialises its original: either through failure of imagination or through the "Let's keep things simple" mandates of the hox office. The only small miracle on view is Mr Peck. While Fonda and Smits subside into the

terra infirma of cliche (Fonda's virginal gasps on deflowerment night are a particular embar-rassment), Peck's old gringo somebow keeps his balance and dignity. The handsome old hawk-face; the smoky-white bair; and the liltings of a vel-vet-rich voice that has somehow learned new highs and lows, new laughs and sorrows in old age. Seventy-three years old, Gregory Peck has sud-denly become a good actor. Such is cinema: even the most woeful movies can secrete a minor wonder.

Andi Engel's Mslancholia might be called "Middle-Aged Gringo." The mid-life crists mid-life melancholia seems as much a result of low creative voltage on the director's part as of menopausal self-questionthat attacks us all at about age ing on the hero's. 40 - I think I feel one coming

gratuits of the soul: like Krabbe meditatively emptying a glass of water to form a tabletop puddle, as if decanting a houid thought. The problem is the absence of any convincing character beyond our hero, played with a knotty, ruminativs power by Krabbe. In a movie too often

the mess

former crony to help assassi-nate a Chilean ex-torturer, vis-

iting England for a conference. Will be do it?

"You wake up one morning

writing a novel whose theme is

"the collapse of all standards," the message is clear, give him

the gun and point him towards

resembling a low-octane vari-ant on the Wim Wenders/Chris Petit school of doomy alienation, it is no wonder our hero feels alone and ideologically time-warped: he lives in a world of bloodless fellow bumans. None of the men or women who rattle up to him out of the dark, delivering their thou-shalt or thou-shaltnot mandates, seems any more real than the stick-figure extorturer he must gun down.

erally i corrupted over th years, that the surest financial. returns for a troupe come from the same cast-iron evening-long favourites. No matter how good or dispial the tompany, productions calling themselves Swan-Lake and The Nutcrucker, and a few cliché titles (I await the full-length Neighbours), are the key to solvency. Hence London City Ballet, a

medium sized and determinedly independent troups, keeps aflost with the tried and true. And tried La Traviata certainly is - Ashton's Mar-guerits and Armand and John Neumeier's Lady of the Came-lias have proved this - but true in this new version by André Prokovsky, never. Pro-kovsky bas chosen to tell Mar-. guerite's story entire, from country child (seduced by a local landlord) to consumptive courtesan. We are spared nothing - the hectic gristiss of the demi-monds, the provincial staffiness of Armand's family, lyric scenes in the country-

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WOULINS, CH 1204 GENEVE

London City Ballet knows the side, s. good deal of coughing, power of the familiar name at ... jewels, flong, careleasly about ... the box office. It is some indi- All this to frequents from La cation of the way public expect. Traviate and other Verdi-tations about ballet have gen- operas, cobbied together with evalue here correction the birthe tensitivity the orthestral . Inttle 6e itivity, the or tern of Violetta's arias sung from the wings.

Design is by Peter Farmer, thin as to settings and, for this sensitive decorator, sadly lack-ing in credibility as to costune. But the piece liself is papery. By opting for what seems a bewildering succession of short scenes ending in awkward black-outs, Prokovsky curtails the very fact that can give the ballet real theatrical life: the grand sweep of Armand's passion for Margue-rite. Instead of danced arias, we have an acreage of parlando recitative, dull scenes in which characters stand about looking cross or reproachful or wronged, and a few set pieces - parties in Paris or the coun-try - in which vulgarity is more prevalent than galety. There is, indeed, a lack of any tain staging. That ballet is Marguerite and Armand. credible sense of period in dress or behaviour, and the antics of Marguerite's friends are brazenly coarse, and in the

for this frenetic and unconvinyears have falled to make any cing activity. London City Balsuccessful transition to the let cannot summon up the neomusical theatre. Alan Price and Ray Davies spring to mind. Now Ian Dury, whose songs with the Blockheads I used to essary forces, imaginative or technical, to suggest the extravagances of this fabrile world, and the interpretations of Kim Miller and Edwin Mota much relish in the Cock Tavern in the Kilburn High Road as the lovers are denied their in the early 1970s, joins their proper setting. Miss Miller, a very gifted and touching artist, disappointing company. Apples remains really what has pathetic and ecstatic it started out as, a concert. moments but no space to develop them. Mr Mota (whom I recall in a brilliant gradna-

And a pretty average one. Now dressed up with commercial money '(the ' Court 'alliance' is with Diana Bliss, who pres-ented the dismal Exclusive tion performance at the School of American Ballet) is given predictable variations which he does well, a disastrous grey Yarns), a trendy post-Modern set by Richard Hudson of sub-siding telephone booths in a red and blue vista, and well cast with Bob Goody as a bent suit, and little occasion to seem more than a conventional Romantic hero. With brisk vegetable vendor and Frances Ruffelle as a whore, it remains editing to concentrate upon the lovers, a serviceable one-act a feeble night out, slight and trendily old-fashioned. ballet may be found trapped inside this fidgetty and uncer-

Even with Dury himself belting it out like a spiv clone of Richard III as a gutter journal-ist in pursuit of kinky ministe-**Clement** Crisp

Madrid

don place names. Dury's lyrics extend to one

Result: a movie whose mood of

or two good catalogue songs, full of bump and Latin Ameri-can grind and lazily imperfect les, but none at all that set the action going beyond activating the upper level of excellent musicians, led by composer Mickey Gallagher at the keyboards. If being hit by Dury's perennial rhythm stick will do for you, then so be it. Lover boy ends up in prison, where he starts reading Dick-ens and P.D.James. Miss Ruf-felle sings a couple of mediocre ballads very well, Pam Ferris doubles as stern magistrate and a blowsily concupiscent secretary, Alan David is bounc-ily Sinister.

more successful attempt to widen this venue's points of entertainment reference.

Ian Dury is obviously no playwright; nor, I suspect, would he want to be considered one. You have to remember he thought West Side Story was a rotten musical. But in our most significant new writing theatre, it is decadent of director Simon Curtis to have signed up Hudson and showbiz choreographer Anthony Van Laast without going on to seri-ous work on the book. Miss Saigon and Les Misérables have nothing to fear from this.



The Haydn Series QUEEN ELIZABETH HALL

The series devoted to late the rbythmic attack of this The series devoted to late the rbythmic attack of this Haydn choral works at the ensemble - every consonant Queen Elizabeth Hall contin-bitten off with impressive una-nimity - was quite exhilarat-lapse in the joyful inspiration of the music. The Nelson Mass, Once the right energetic which formed the main part of Tuesday's concert, is typical of Mass largely plays itself. Haydn at his most imaginative, using its novel orchestral forces of strings with trumpets.

using its novel orchestral will not misure. Under res-forces of strings with trumpets, ton's benign direction all the drums and organ to paint an performers gave the impres-ominous backdrop of war, sion of enjoying themselves, without ever letting the idea seem heavy-handed.

seem neavy-handed. There is no other way to approach this composer's best choral pieces than to jump in with unbounded energy, which is happily what The Choir and Orchestra of the Englighten tet.

orchestra of the Englighten- tet. ment did here under their con. The first half of the pro ductor of the evening, Simon gramme consisted of the Concertante in B flat, in which the

orchestra sounded less sure and fiery than they do when **Either because Mr Preston is** a noted choral conductor or playing under a conductor, and the String Quartet in G, Op 77 No 1. The latter was an interbecause the singers were better placed than before, this concert belonged decisively to the esting diversion from the usual choir. The small professional choral groups that have taken programme planning and the Gainsborough Quartet, playing on period instruments, gave it over performances of the classical repertoire invariably have a polished performance. a precision that their unwieldy

Richard Fairman

SALEROOM

Sotheby's was selling second division Old Master and British paintings yesterday and get-ting some first division prices. This market has improved greatly in the last year and the sale totalled £1.8m, with less than 7 per cent unsold. The top price was the £99,000 (estimate under £20,000) paid for a gold ground Madonna and Child with saints attributed to the studio of the 14th century

forbears could not match, but

Italian Agnolo Gaddi. A gathering of birds by Jan Van Kessel the Elder quadrupled its esti-mate at £90,200 and a view of Venice by Vincenzo Chilone sold for £88,000.

The two day Monaco sale of the library of H. Bradley Mar-tin brought in £1,116,649 with a top price of £45,652 paid for Proust's presentation copy to Anatole France of Du Cote de chez Swann A.T.

October 13-19 Palazzo Grassi. Italian Art: 1900-1945. An exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Palazzo Grassi, Ponseem heavy-handed.

Preston.

tus Hulten. An attempt is ma ins function. An attempt is made to put the works into a clear con-text, emphasising links with con-temporary literature, music and cinema. The exhibition ends with two blown-top stills from films by blown-top stills from films by Visconti and Rossellini. Ends

Venice

Whitney Museum, A special winney minerim. A special exhibit from the museum's extensive boldings of Edward Hopper highlight the realistic painter's Paris and comestic scenes among the 150 pieces in all media. Ends Nov 5.

Washington

National Gallery, An interna-tional collaboration showing the major works of Frans Hale outside the Netherlands for the first time starts here with more than 60 paintings; next year it travels to the Royal Academy, London and the Frans Hals, Holland, Ends Dec 3.

> identitsu Museum, Zen Painting by Sengai (1750-1837). Ink paintings and calligraphy by a monk whose witty works reflect the essence of Zen Buddhism. Closed Mondays.

sculpture and painting at the Palais des Beaux-Arts. Art, music and theatrical events will be on show across Brussels over the next three months until the festval ends on December 17. Fundacion Juan March, Retro-spective of Edward Hopper opens theautomn season at the founda-tion. 61 works by the New York realist covering a period of 56 years. Until Jan 4. Bonn

Rathausgasse 7. Gianzlichter, 40 years of government support for art. This exhibition abows for the first time selected works of art from 11 centuries and of art from it continues and attempts to present an impres-sion of all aspects of culture dur-ing this period, with the help of government, foundations and private sponsorship. Works by Albrecht Dürer, Wolf Huber.

Antoine Watteau, Heinrich Voge Jer, Max Beckmann and Meissen Nov 22. Vionna Secension. The highlight of the next few weeks will be the 100th

anniversary of the birth of Ludwig Wittgenstein, the philoso-pher, architect and craftsman countrymen. The indomitable lishment artists set up their workshop at the turn of the cen-tury, finally raised the funds

lain are on display. Ends

who until recently had not been appreciated by his fellow staff at the Secession, the won-derfully renovated gallery where Vienna's redical and anti-estabto organise this long overdue exhibition. Ends October 29 and not to be missed.

New York

Stadtisches Kunstmuseum

(1880-1916) most of the German expressionist painter's works, can be seen for the first time until Oct. 29. His famous handcoloured print of two horses, one blue coloured the other redblack, with a red, bine, yellow and green ground, was publishe in a hoxury edition of the alma-nac Der blaue Reiter.

with 180 drawings and aquarelies

prints made in the 1980s and 1890s by the loose society of art-ists that came together at Pont Aven in Brittany, of which Gau-guin was the leading but not necessarily, at the time, the out-standing figure. A headful of related psintings is shown, and there are outstanding groups of prints by Emile Bernard, Armand Secutio and the Irish-Barcelona Arinand Seguin and the Irish-man, Rodaric O'Conar, among several others. Sponsored by Banque Indosuez and W.LCarr. Daily until November 19. Fundacion Caja de Pensiones. International art. Exhibition of Paris Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chef-

ARTS GUIDE

The Royal Academy. Gauguin and the School of Pont Aven. - a fascinating study of the prints made in the 1890s and

EXHIBITIONS

London

a golden crown of a high priest with some size. of Osiris with some elements of Roman art and Copic icons and concludes with Islamic exhibits. 1, rue des Fosses-Saint-Bernard (closed Mon). Ends Jan 14 (40518838).

Europalia Japan 39. Having cele-brated the art and culture of Austria two years ago the Euro-palla turns to the east this year, bringing to Belgium the most spectacular festival of Japanese

Boon

Brussels

arts outside Japan. It opens this week with music and dance by the Imperial Gagakti orchestra and an exhibition of Japanese

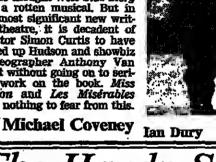
contemporary art from the museum's holdings acquired since 1985, including works by Forg, Huber, Mucha, Deacon, Klefer, Polke, Cacchi and Merz. Closed Mon. Beethovenhalls Bonn. 50 por-traits of Beethoven by the American pop artist Andy Warbol. In addition to the Boon B addition to the Bonn Beethoven-fest, an Andy Warhol exhibition is taking place until October

I. The Bonn gallery owher Her-mann Wuensche commissioned these Beethoven portraits from Andy Warhel for Bonn's 2,000th anniversary. After a year of intensive study of Beethoven, he completed a series of coloured graphic works before he died last year. They are based on the 1921 original, by K.J. Stieler, showing the composer aged 48.

Berfin

Bruccke Museum, Bussardsteig 9. A Franz Marc retrospective

Tokyo



FINANCIAL TIMES

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Thursday October 19 1989

The future of **East Germany**

THE RETIREMENT of a 77-year-old leader, known to have been in poor health lately, is not in itself surpris-ing or exciting. If Mr Erich Honecker had amounced at the beginning of the year that he would resign as head of state and leader of the Socialist Unity Party (SED) at the first Central Committee meeting after the 40th anniversary of the German Democratic Repub-lic – or even if he had done so when hospitalised for his recent operation - the event might have been seen as of limited political significance, especially if it had been announced at the same time that he would be replaced in hoth positions by Mr Egon Kren

Mr Krenz, aged 52, long the heir apparent, is regarded as the least sympathetic, among his generation of East German communist leaders, to any suggestion of political changes inspired by those that have been taking place in the Soviet Union. Indeed he made his contempt for such snggestions explicitly and publicly clear on a visit to West Germany earlier this year. The choice of Mr Krenz as successor thus virtually rules out any interpretation of the change as being dic-tated directly from Moscow. That would, in any case, be quite contrary to Mr Gorba-chev's repeatedly declared principles, and it is doubtful whether Moscow any longer has the non-military means to mine heart and a cheman bring about such a change.

Political timing

Yet the timing, and the sud-deuness, of Mr Honecker's departure, are such that it canthe only raison d'être of a sepa-rate East German state - or, to put it another way, the East Germans cannot have freedom not possibly be unconnected because they would use it to abolish that state. That may be with the political events that have shaken East Germany in true in the very long run, when "freedom" night come to mean freedom from the geopothe last few weeks: the spectacthe last rew weeks: the spectac-ular exodus of East German citizens to West Germany via other East European countries; the hollow celebration of the 40th anniversary; Mr Gorba-chev's visit with his carefully locked weeks that one litical constraints of the postwar European order. But in the short run there is no sign of an urgent demand for a single leaked message that one ignores the tide of history at one's peril; the timid appear-German state, but plenty that the existing state be freed from its present stifling polltical sys-tem. If the post-war order is to ance of organised opposition groups; and above all the mass be transformed in a peaceful and orderly fashion. Mr Krenz and his colleagues will have to emonstrations for change in the last ten days with the about satisfying that them - first repression, then a demand without further delay.

search for detente and promise of "dialogue" coupled with an admission, for the first time, of the need for change.

What sort of change remains so far unspecified, the hints of so its unspectively the first of conciliation have been very cantiously phrased, the offers of dialogue carefully restricted so as to exclude the organised opposition. But clearly in these circumstances Mr Honecker's departure is meant to be seen departure is meant to be seen as change rather than no change. At the same time it must surely be realised, by Mr Krenz among others, that in itself it will achieve nothing except to raise expectations of more substantial changes to come.

Path of reform

The aspiration of the East Germans for freedom has been very clearly articulated. It is, of course, the same aspiration voiced in other parts of eastern Europe, but perhaps in a purer form, since the East Germans have not been driven to voice it by economic crisis. By east European standards they do indeed enjoy relative material prosperity. Even if the regime prosperity. Even in the regime possesses a recipe for deliver-ing greater material prosperity without political reform (a highly dubious proposition) it is clear that this would not defuse the crisis. Some people in the West,

and even some senior figures in the SED, have argued that the path of political reform is not open to East Germany hecause "socialism" as currently practised there provides

Mikhail Gorbachev to Erich Honecker 7 October 1989. hese two quotations are the rock and the hard place between which

In the question of (socialist identity) there is quite clearly a fundamental difference between the German Democratic Repub-

lic and other socialist coun-

tries ..., their statehood is not dependent upon their political system.

Those who delay are punished

Otto Reinhold

chief ideologist of the Socialist Unity Party, August 19 1989.

see a second of the second of the

East German politics has houncad these past two months. On the one hand, the Reinhold view - shared pre-sumably by his fellow leaders - that Marxism-Leninism, rather than traditional horders or ethnicity, defines the state. On the other, the Gorbachev response - to bend, at least a bit, to pressure from below. This is a view presumably shared hy some among the GDR communists, and seized on with acclamation by the swelling numbers of demon-strators in Dresden and

strators in Dresden and Leipzig. We cannot yet know to which of these Mr Egon Krenz will attempt to cling. His repu-tation points to immobility. Though regarded as a moder-ate reformist when heading the Free Democratic Youth organi-sation, he has - since becom-ing a full voting member of the Polithuro in 1980 and being groomed as the heir - been at least as hard line as Erich least as hard line as Erich Honecker, the man he replaces as General Secretary. He has voiced open contempt for the Soviet reforms, together with a determination that the GDR would not take that road. That in itself need tell us little. Mr Gorhachev has in his time been a loyal Brezhnevite and at 52, Mr Krenz is young enough to change, in spite of what would seem to be his instincts. But will the situation he meets let him?

He is only the third party he is only the third party leader in the forty years of the country. The first *Landesvater*, Walter Ulbricht, was himself pushed ont of office hy Honecker in 1971, with the sup-port of Politburo colleagues who saw his economic reforms failing, and probably with the connivance of the Soviet Union. (Moscow had been irritated by his opposition to its softening policy on West Ger-

Krenz has voiced open contempt for the Soviet Union's reforms

many and West Berlin.)

by the quake and escaped through the burning city with little more than some of the

sentimental photographs he

colleagues in the early hours, he seemed only able to main-

tain a blank look and mutter

the word "Vesuvius", the volcano by his native Naples. "Although calmer by the

time they reached ... (a friend'e)

house some miles out of town, writes Stanley Jackson in his blography, Caruso, "nothing would persuade him to sleep

indoors. It's Vesuvius,' he kept

repeating." He lay throughout

the rest of the night under a

travelled with.



Egon Krenz and (right) Erich Honecker

Heir to an uneasy throne

Under Honecker, according to Mr Michael Dennis, a politi-cal scientist specialising in East Germany, "the GDR bas not only come out of the diplo-matic cold, it has come of age." from some of his senior colleagues. Kurt Hager, the Polit-huro member responsible for ideological issnes, said last week that the GDR leadership should respond to the current needs and moods of the masses. Ha called for greater involvement of citizens in "the That achievement depended heavily on a response from the heavily on a response from the West, which was forthcoming. When in September 1987 Honecker paid the first official visit of an East German head of state to West Germany, he crowned a 16 year period of undonbted achievement. Had solution of socially important issues." Harry Tisch, also a Politburo member and leader of the offi-cial trade unions, has talked in the same accents. The mayors he laft office then, in his 75th year, he would have been a member of that tiny and excluof both Dresden and Leipzig have opened up lines of com-munication with the protest movements in their cities. It is cantious and circumscribed. Dialogue, according to Polit-buro member Slegfried Lorenz sive club of East European leaders who retire with honour and their freedom. His reten-

tion of power precipitated yes-terday'e humiliating removal last Saturday, must be "con-structive" and must reflect "our humanistic ideals." Egon Krenz, a quarter of a centnry yonnger than Honecker, is thus faced with a restricted choice - but a choice nevertheless. He can, as There remains a widespread bellef in the leadership that New Forum, the main protest group, wants - in the words of Eberhard Aurich, leader of the his past would euggest, main-tain the kind of no-change polyouth movement, "to go in a completely different direction" from the Communist Party, icy which the outgoing leader proposed in his speech ten days ago on the occasion of the state'e 40th anniversary cele-brations. Honecker said then: one "that will take us where we don't want to go." "We have answers to all the questions: ours is the better" The protestors may be treated more gently than in the world." .But in the concomitant Honecker enforced absolute removal from the Polithuro loyalty to the Soviet Union and the Central Committee of the fading Joachim Herrmann and the more powerful Guenter until Gorbachev – and scrapped Ulbricht's economic liberalisation in favour of tight central planning and the pri-macy of rising living stan-dards, which has produced the best growth rates in eastern Mittag, the architect of East German economic policy, he has been given a relatively free space to innovate. The most Europe. Warmer personally than Ulbricht, he nevertheless likely course for him to follow, analysts suggest, is the open-ing of a dialogue with at least ensured the complete dominance of the Party over all political, economic and social life. some of the groups now pressing for change. In this he will have support The quake

John Lloyd assesses the new leadership of East Germany mony of the Socialist Unity Party. There is only a small tradition of radical protest in the GDR, and no sign of it now - though these movements

- though these movements are young, and the momentum continues to build. Second, there is some logic to Mr Krenz's well advertised dislike for the effects of reform elsewhere. The Soviet Union is embroiled in an economic and social chaos with which its social chaos with which its leaders are struggling to cope by themselves resorting, even if presently only sporadically, to increasingly harder mea-sures – the banning of strikes, a crackdown on the more reformist press, a populist endorsement of the public disendorsement of the public dis-like of co-operatives. Poland has promulgated economic reforms of a free market kind which will deepen the crisis for many, probably most, of that country's increasingly impa-tient citizens. Hungary has yet to go as far, but living stan-dards are falling and are likely to fall further as it sheds the communist monopoly of power. to fall further as it sheds the communist monopoly of power. Third, hoth Mr Krenz's "alles" in the East and govern-ments in the West have strong vested interests in controlled change. That is true through-out eastern Europe, but it is quintessentially true here, where East is divided from West at once most deeply and most delicately.

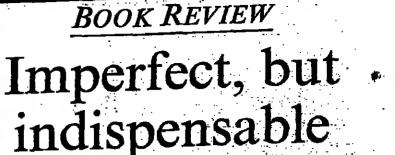
West at once most deeply and most delicately. Certainly, it has become obvious that the West Ger-mans were appalled by Honecker's hard line. Mr Hel-mut Kohl, the West German Chancellor, yesterday warned that no aid would be forthcom-ing until reforms were made. West Germany's Social Demo-crat leaders, who had opened crat leaders, who had opened np communication with the East German communist party over the past two years, are now considering choking it off. Their own rank and file are protesting that new links must be forged with the protesters if the West German socialists are to remain true to their own traditions. None of that means the West Germans have any stake in a breakdown of the social order across the Wall; it is an indication, however, of the pressure for a controlled reform.

This returns us to the dilemma of the beginning. How can any East German leader bring about a reform which does not threaten the perceived reason for the state's very exis-tence? On one view, the feat is impossible for the new general secretary to perform, and he will soon be seen as a stop-gap

There is only a small tradition of radical protest in East Germany

FINANCIAL TIMES THURSDAY OCTOBER 19 1989

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www.illiam Keegan com-bines a strong antipa-thy to Nigel Law-son'e politics and economics son'e politics and economics with a sneaking personal sym-pathy. But the sympathy is never allowed to get in the way of the debating points. Occa-sionally this leads to ungener-ous judgments, such as the author's refusal to give Lawson any credit for the build-up of crooks before the coal strike.

any creat in the coal strike. The book is certain to be publicised as a devastating attack on the Chancellor, and its timing is a brilliant publish-ing accident. Nevertheless it would be wrong to cast it aside on partisan grounds. Keegan is good humoured throughont and his approach compares favourably with the venomous attacks Lawson is now receiving from so-called monetarists in the tabloid press. Casual contacts find Lawson

"arrogant, difficult, prickly, "arrogant, difficult, pricely, private, pngnacious and moody." Those closer to him. know that he is "personally kind, witty, loyal and extremaly good company." Despite such observations, there is not nearly enough per-sonal detail to make Mr Law-son's Gamble into a proper biography. However, any stu-dent of the last decade will find much valuable material here. The book, like its subject, is

imperfect but indispensable. The Chancellor emerges as a pragmatist, yet one always pragmatist, yet one always commendably searching for policy rules which would curb his own meddling instincts. This astounds Keegan, who quotes approvingly official complaints that things such as monetary targets, balanced Budgets, or EMS parities, "impale the economy on suc-cessive hooks." Lawson is too quick to claim to have found such principles — hence the bewildaring rapidity with which they change — but is surely right to search for them. Keegan has carried ont Keegan has carried ont research into Lawson's eco-nomic views as a journalist, junior Opposition spokesman and Financial Secretary. He finds many themes have per-sisted despite the swervings on asted despite the swervings on macroeconomics. Lawson has always been a professed meri-tocrat, an anti-egalitarian, and has been rightly opposed to incomes policy because it would violate personal freedom if it worked. But his early advocacy of "a lavish financial scheme for the value of powerty

scheme for the relief of poverty

MR LAWSON'S GAMBLE By William Keegan Hodder and Stoughton £14.95

the Roy Jenkins Home Office reforms and has consistently disliked the idea of "ascetic self restraint." He even did the

sen resident. He even un the football pools. In his subsequent narrative, Keegan reminds us that Law-son's influence on policy goes right back to his period as Financial Secretary in 1979-81. manual secretary in 13701. There is an unresolved debate between those who believe that the exchange rate squeeze on industry at that time deci-mated manufacturing industry and is at the root of our present problems; and those who believe that the shock treatment produced a fundamental change in managerial attitudes responsible for the subsequent an improvement which Keegan denies and the CSO under-

states. This book supplies a useful account, but also tendentious argument, on more recent years. Too much credence is given to selective off the record mutterings of Whitehall offi-cials who appear as a Greek chorne. (from the decadent states chorus (from the decadent

chords throw the necesteric period) giving verdicts. Keegan confirms that Mrs Thatcher first vetoed entry into the EMS at a meeting in antumn 1985, saying "Ayes seven, noes one, the noes have it." Lawson's great political error was not to use his period of ascendancy as the architect of the 1987 election victory to

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insist on a Cabinet decision. Indeed I know of no parallel to the systematic undermining of her own Chancellor in which the Prime Minister has, whether consciously or not, subsequently engaged. The lat-est pressures on sterling could est pressures on stering could not have reached the dimen-sions they did without the reports in the Sunday press after the base rate increase suggesting that Thatcher and/ or Walters were not prepared to use either interest rates or intervention to prevent a fur-ther fall of Sterling.

ther fall of Sterling. On this occasion neither Thatcher nor Walters briefed the press directly, although there are some questions about the role of the No. Ten policy unit. The episode reminds me of the knights who killed the denorad Bisherd II beliaring deposed Richard II, believing that they were carrying out the wishes of Henry IV.

A strategy for **UK** science

BRITISH SCIENTISTS are troubled. They fear that the creativity of science in Britain may be endangered by intensi-fied competition for research funds and by the Government's policies towards science. These policies towards science. These policies are a paradoxical con-trast with its policies for the economy, and with the tradi-tions of academic freedom. Instead of lostering dispersed decision-making in science, the Government has encouraged more central influence. Instead of promoting the growth of knowledge, it has requested more "exploitabla" research. Instead of reducing government control over the universi-ties, it has favoured more selective allocation of funds. Ministers appear to think that scientists should produce more practical benefits for the taxpayers who support them and that more businesslike central management will ensure that they do so. The productivity of science

depends on the quality of the ideas and experiments done by people who mostly work in small groups and whose output is unpredictable. Outsiders are hadly placed to judge which research deserves support. Decisions should be based on the quality of the individual more than the nature of the proposal, and a multiplicity of sources of funds will reduce the risk that valuable projects are overlooked. Attempts to direct scientists into supposedly useful subjects are likely to favour the opportunistic rather than the creative scientist. Imposing central guidance on scientists is more likely to reduce productivity than increase innovation.

Unpredictable benefits

Government expenditure on science cannot be determined by expected economic or social benefits, becsnse they are unpredictable for any one project. Expenditure decisions have to be based on the benefits to education and the value of greater knowledge, which has proved economically valuable in the aggregate and over time.

The highest priority for gov-ernment expenditure should be research that could lead to radical changes in scientific thinking and knowledge. The risk that such innovative work will get put aside must be greater when priority is given to

"exploitable" research. Increas ing the funds which universities can spend on research pro-jects of their own choice could help to finance such work. But the difficulty of deciding centrally where funds should best be spent makes the retention of block grants desirable. Decisions on expenditure could then be taken locally by those closest to the alternatives. of 1906

Diverting academic scien-tists into "exploitable" research draws them into work that is better undertaken or The Great Caruso was among the survivors of the Great Quake of 1906, but, unlike Jeannette Macdonald, he did not leave San Francisco financed by industry. Research which can be axploited by industry is most likely to be exploited if firms have persinging. He was so shaken that, for him, the city had acquired the Evil Eye. And he refused to sing there again. formed or financed it; and if firms can benefit from some The earthquake struck not many hours after Caruso, with Fremstad and Journet, had finished a performance of Car-men with a company in which research, they should finance it. Initiatives for industrially relevant research in universities should come from industry or academics. the tenor was not only the star, hut was also heavily involved as a business partner. Caruso was flung from his hotel bed

University independence

Private sector finance for academic research can have academic research can have two beneficial effects: it pro-vides more decision points about funding research and it increases the universities' independence of government. British univarsities have recently increased their income from contract research and consultancies for industry. Brit research unpelated to a Bnt research unrelated to a company's existing business is not treated as a business expense, discouraging the use of universities for the speculative research they could best perform. British universities receive trivial amounts in donations, unlike their Ameri-can equivalents.

back-garden tree with a towel around his two truly valuable A radical change in the atti-tudes of British businessmen would be required before they possessions: throat and mouth. He never sang in San Frangave more money to universi-ties. The desirability of introdcisco again, adding it to Barcelona and Palermo as the cities ucing alternatives to governpossessing the Evil Eye. ment finance justifies a more attractive tax regime for comnany donations in support of Radical Poles pure research by universities and charities. This would sig-nal to industry that its assis-The stream of Western visi-

tors to Poland continues. Gerald Kaufman, Britain's shadow tance was desired. foreign secretary, has just come back from Warsaw and Such an incentive is unlikely to produce rapid results. But expenditure should build up as Gdansk with a message from Lecb Walesa that around 80 industrialists came to appreci-ate that they gained from pay-ing to keep the universities per centof Polish industry should pass into the private sector, and that Britain would bealthy and their companies be a welcome buyer. well-regarded by graduates they might wish to recruit. As Kaufman departed, the free market Adam Smith Instipast by the police, but they are routinely portrayed in the media as drunkards and antisocial elements. Mr Krenz has no constituency for radical reform, even if he wished it. He has some cards, however. First, there is as yet little sign that the protests have taken on what he and his comrades might term a "radically anti-so-cialist character." Indeed, New Forum itself has accepted that

any change must be within a socialist framework, and has accepted the continuing hege-

leader, like the luckless Karoly Lawson's suspicion of Grosz, general secretary of the Hungarian Socialist Workers experts began with a forecast that the Egyptians would never be able to run the Suez Party for a mere year before more convinced radicals tossed Canal after the 1956 nationalis-ation. (Would that he had maintained this scepticism him - and the Party - aside him – and the Party – aside ten days ago. But that parallel does not hold very far. No other reformer in the eastern bloc can be as constrained as any would he in the GDR. And since that is the case, reform – fi may be argued – can as well be attempted by a man with a conservative track record as any other. when the Treasury repeatedly underpredicted the strength of the British economy.) Lawson was opposed to the Vietnam War and supported the Biafran revolt against Nigeria. He could never be "one of us," as he supported

based on manifest need" could be usefully revived.

Lawson is still very much alive. With hindsight, he should have resigned during the window of opportunity between his 1988 Budget and the onset of bad trade figures in the late summer of their reserve in the late summer of that year - after which resignation would have seemed like run-ning away. He should now stay

- but not at any price. Samuel Brittan

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tute opened a seminar in Warsaw's Wera Hotel on the priva-tisation of the Polish economy. Along with Madsen Pirie, the head of the Institute, there are representatives from S G Warburg, Morgan Grenfell, N M Rothschild and Price Waterhouse.

All of them are musing aloud on the Polish road to capital-ism. The trouble is that the Poles present think that their Western visitors are placing too much emphasis on regulation. What the Poles want are free markets.

Scoop When he finally reached his

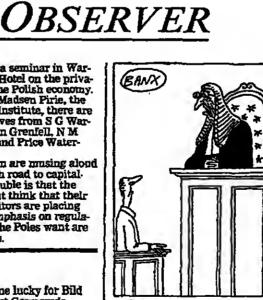
Second time lucky for Bild Zeitung, West Germany's equivalent of The Sun. Last month it reported that Erich Honecker, the East German leader, was on his death bed. Yesterday it scooped his fall. Hans-Hermann Tietje, the editor, says the information came from the very top of the Party. Forther predictions: more changes at the top and liberalisation of travel restrictions by the new leadership.

Leather man

The house of Lanvin may now be owned by Britain's Midland Bank, but its creative spirit, at least, is to remain French, with the nomination of Claude Montana, best known for his leathers, as its new designer.

Montana, now 39, had been widely tipped to take over as designer at Christian Dior after the sacking of Marc Bohan earlier this year, but the post was won by the Italian Gianfranco

Ferre-Montana started his career with MacDouglas, the top Paris leather shop, and has retained a fondness for this material. Ha hranched out into men's



"I sentence you to 15 years justifying your innocence."

ready to wear clothing in 1961, and launched his own perfume in 1986. The task facing him is con-

siderable. Lanvin missed the last round of Paris fashion sbows in July, for the first time in its 99 year history, after the departure of house designer Maryll Lanvin, and Montana cannot afford to miss with next January's collection.

Dine in Fife The Good Food Guide 1990.

published today, has a new system of measurement. Restaurants are no longer given marks for elegance, service or ambience, but only for cooking. And the ratings are no longer on a scale of one to 20,

but from one to five. Four London restaurants receive the full five marks. They are L'Arlequin in SWS, Chez Nico and Le Gavroche, both in W1, and Tante Claire in SW3. Of the four, Le Gavroche can be the most expensive - up to £79, although its

prices range down to just under £30. Only two other res-taurants in England receive top rating: Le Manoir aux Quat Saisons in Great Milton, Oxfordshire, where prices range up to \$35; and L'Ortolan in Shinfield, Berkshire, where

the top price is £72. The only top-rated restan-rant in Scotland is the Peat Inn at Peat Inn, Fife. Prices there are much lower than in England - £17-£38. There is a restaurant nearby, the Bou-quet Garni in Elie, which gets a rating of three. In the introduction to the Guide there is praise for standards in Glasgow, but no top rating. Make of it what you will. My own favourite restaurant in London (Chinese and unpre-tentious) is not listed.

Japanese toy

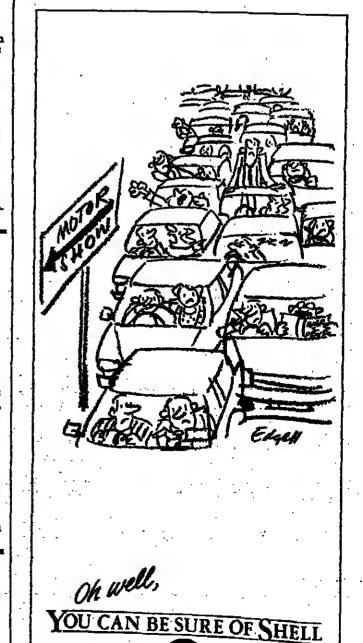
Carla Hills, the US Trade Representative, did not return from her recent Asian trip empty handed. She brought back a plastic "rock plant". About 12 inches high, wear-ing dark glasses and a red and

white polka dot bow tie, the plant, equipped with a sensor, reacts to applause and sudden noises by swaying gracefully. Hills demonstrated its abilities at a hreakfast with journalists, who broke their "no applause" objectivity to see the rock plant in action.

She said she had seen one at a dinner during her travels and, noticing its movement, at first theorised: "I must be tireder than I thought." Seeing one at the Tokyo airport, she couldn't resist, and set back the US trade deficit with Japan by another \$30.

New world

From a Pennsylvania college magazine: "Greece today is still a magnificent country. but the glories of the pest are gone. No longer do the streets of Athens echo to the words of Socrates, the well-known twit." Not to be confused with with Achilles, the well-known heel



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Martin Wolf calls for an end to political control of the money supply heard of late about the pecu-liarities of a Japa-nese electoral system in which The real issue at the

Mansion House

large presents from politicians. to their supporters are normal. In this respect at least. Western commentators retain their otherwise hattered sense of superiority. But their view is far more doblots than they

And the second second

The ethical underplanings of modern democracy are some-what puzzling. The idea that those seeking power may use their own money to enter the retail market for votes became anathema in the course of the ninetsenth century. The notion that a government may use the people's money to buy votes wholesale is, however, accepted without demur. Those inscrutable occidentals, the Japanese must feel, even if they are too polite to say so.

At present, for example, there is much discussion about whether the state of the econ-omy will prevent the UK Gov-ernment from exploiting the budget surplus in time for the next election. A parallel discus-sion focuses on whether interest rates can be lowered in time to purchase the votes of. the home-owning majority of

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the electorate once again. In the UK it has long been taken for granted that the government has the right to use public resources to purchase elections, with inflation just a particularly insidious form of taxation. But this form of democratic politics is not merely as corrupt as direct bribery, but is also more expensive. Even bil-lionaires cannot compete with the resources of a treasury, especially one that is in full command of the central bank. Since the Second World War growth in the UK has tended to peak at around the time of an-election, with inflation duly followed about a year or two thereafter. The process is hugely damaging, the principal cost being the rise and fall of inflation and the economic instability that results Inflation is the most impor-

tant consequence of the electorally-driven economic cycle. A Government that wishes to increase public expenditures or lower taxes will find it politically more effective to do so by increasing its borrowing than raising taxes or cutting spending. In time, a larger deficit will usually result in monetary expansion and so inflation. As was-shown in 1987, however, there can be an election-winning monetary expansion even without an increase in public sector borrowing.

As public experience with this sort of manipulation has grown, the credibility of any announced government policy has been undermined. Given its control over monetary and fiscal policy, the Government, is unable to commit fiself credibly. Just last weak the Chan-cellor repeated his opposition to devaluation. He has stated his determination to keep interest rates as high as is nec-essary for as long as is neces-sary to get on top of inflation. But this is what he has to say, whatever his true intentions.

It is too easy to envisage sit-uations in which the political

Both the manipulation and the citizens of any country. They cannot benefit in the long term from a politically-induced business cycle that consis-tently destabilises their economy. But these costs should tain economic stability is enhanced by the natural, indeed unavoidable, worry

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LABOUR

costs of Hving up to these fine words would be prohibitive. The consequent cynicism cre-ates a vicious circle. Because those engaged in economic activity believe the commitments are likely to prove too costly to nphold as an election

iour, in turn, increases the costs to a government of npholding its commitments and so renders them progres-sively less credible.

the fear of it are of concern to also concern the government. The difficulty inherent in any attempt to achieve and main-

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draws near, they pay little attention to them. Their behav-

about the government's integ-rity. Like Caesar's wife, a gov-ernment needs to be above suspicion.

The problem is that no gov-ernment can be above suspi-cion as long as it retains full control over both fiscal and monetary policy, since the obvious reason for any govern-ment to insist on such control is that it with the both to characteristic is that it might wish to abuse it. Notice, for example, that even Mrs Thatcher, who has made much of her hostility to imflation, argues that a link to the D-Mark would be "defla-

tionary". The solution is to the the gov-ernment's hand, a change that would be not only in its citizens' interest but ultimately in its own, because it would make announced policy far more effective. The ways of doing this thet have been discussed relate either to the budget bal-ance or to monetary policy. In the US, for example, fiscal

difficulties have led to serious discussion of an amendment requiring a balanced budget. But monetary policy is the more fundamental, for three reasons: first, without access to

open-ended borrowing from the central bank fiscal deficits are, in the last resort, self-limiting; in the last resort, ser-initing, second, monetary policy has a more pervasive effect in a lib-eralised economy, not least because it can be manipulated to promote private rather than public spending; finally, infla-tion has effects that ramify throughout an economy, while the effects of a fiscal deficit are

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The political-economic cycle in the UK

concentrated on the real rate Annual % change General election Inflation GDP

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of interest

The case for an independent central bank dedicated to price stability was made most effec-tively just after the war by the so-called "Ordo-liberal" school in Germany. The ideas of the heading erronputs of this take leading exponents of this influ-ential school are, unfortu-nately, too little known outside Germany. This defect is remedied by the appearance of two books published today". In English, the untranslata-ble term "ordo" denotes the

ideas of structure, system and constitution. A distinguishing feature of these thinkers - all profoundly marked by their experience of pre-war Germany - is their examination of economic policy in terms of its wider social and political ramificatio

One of their main aims was to depoliticise the control of money, the result of their advice being establishment of the Bundesbank. Because of its remarkable success, not only West Germany, but all mem-bers of the European Monetary System are now able to benefit from its independence.

In the same way, the US has the Federal Reserve. Whatever its occasional failures, it is hor-rible to contemplate what would have happened to American inflation in the 1980s if Treasury Secretaries like Donald Regan, James Baker and Nicholas Brady, had not been confronted by Paul Volcker and Alan Greenspan. Japan would appear to be

the exception, but as so often it is the exception that proves the

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rule. In Japan independence from gross political pressures is enjoyed by the bureancrats of the Ministry of Finance rather than those of the Bank of Japan. The permanent offi-cials of the Ministry of Finance are able to follow monetary and fiscal objectives of their own

For the UK, an intriguing model is New Zesland. Under model is New Zealand. Under proposed legislation, the Reserve Bank is to be contrac-tually responsible for price sta-bility. The Government will be entitled to over-ride it, but it will be required to do so in a politically transparent way. The UK does not lack rele-vant experiance itself Until

vant experience itself. Until 1932 the Bank of England suc-cessfully ran a monetary policy that was largely independent of political pressures. Between 1900 and 1932, the price level rose hy 55 per cent, a com-pound rate of inflation of 1.4 per cent.

Between 1932 and 1988, however, the price level has risen twenty-six times, a compound rate of inflation of 6 per cent The price level has doubled even since 1979. If the present government cannot do better than this, no democratically elected government is likely to do so.

What the Chancellor of the Exchequer should do in the Mansion House speech tonight is not so much elucidate the technical details of monetary policy as explain why and how monetary policy is to be taken ont of his own hands. One course is to follow the rest of

western Europe and lean on the established reputation of the Bundesbank. The best alternative would be to follow the example of New Zealand and grant independence to the Bank of England. In making this choice, the Government would also demonstrate that it understands the distinction between monetary sovereignty, on the one hand, and political control over money, on the other.

If the Bank of England were independent and judged on its ability to deliver price stability, most technical monetary disputes would lose their current edge. One of the reasons for imposing monetary targets is, after all, to make the political commitment more trans-parent. An independent central bank can afford to be somewhat more pragmatic about its means, because it will in time be much more credible in its ends.

In an era of financial liberalisation monetary management is tricky. Broader monetary aggregates reflect the competi-tive behaviour of private finan-cial institutions. But the nominal interest rates at which those decisions are made are determined by the central bank, which thus plays an inescapable role at the centre of the system.

Consequently, the creation of money is neither a national-ised nor a privatised industry. It is performed by a regulated, officially supported, but weak-ening cartel. In pursuing mone-tary policy a central bank can only feel its way, but an inde-pendent Bank of England should at least be feeling its way to the right destination.

By now, there may be no politically feasible alternative to reliance on the Bundesbank or even on Mr Delors' Euroin System of Central Banks. Yet this need not have been so. The problem facing Britain has been solved in Germany by the Bundesbank. It could presum-ably be solved here, too. If Mrs Thatcher wishes to insist on British sovereignty, she should sacrifice political control and choose the only sane alterna-tive to the EMS: an independent Bank of England that would be as good as the Bundeshank.

Alan Peacock and Hans Willgerodt (eds), Germany's Social Market Economy: Origins and Evolution; and German Neo-lib erals and the Social Market Economy, Both published for the Trade Policy Research Cen-tre by Macmillan, London and St Martin's Press, New York.

LOMBARD Nanny Clarke knows best

by Michael Prowse

MR KENNETH Clarke, Britain's Health Secretary, has issued a new contract for family doctors. He says it will improve the quality of primary care by making general practi-tioners more responsive to the needs of patients. Doctors, on the whole, disagree. The new contract was overwhelmingly rejected in a ballot of Britain's 30,000 GPs. Characteristically, Mr Clarke has decided to press ahead regardless: the new terms and conditions are to be morced on an unwilling medical profession.

Some commentators are heartened by conflicts of this kind. In their view, the medical profession is riddled with restrictive practices and domi-nated by the interests of the producers or suppliers of ser-vices. Doctors' objections to the proposed changes are self-serving since they cannot be expected to support the ero-sion of their own powers and privileges. As consumers of care, the public can only bene-fit from Mr Clarke's reforms.

This is an appealing but flawed argument. In the first place, the consumerist model of health care is not convincing. Studies do not suggest that people exercise choices about medical care in the way they do about hairdressing or sopermarkets. Most people simply choose their nearest practice; 80 per cent of people have been with the same practice for five years or more. People typically change doctors only when forced to do so by circumstances; only 5 per cent

nove because they are dissatis-fied with their physician. Such behaviour is logical because few patients are capa-ble of discriminating between mod and had every high error. good and bad care: high expen-diture on prescriptions, for example, can be a positive or negative indicator depending on circumstances

The second flaw in the argument is the tacit assumption that Mr Clarke knows what constitutes excellence in general practice. The new contract infuriates many GPs because it imposes a detailed series of requirements on them. Like handsters in cages, they stand to receive rewards only if they jump through a series of hoops. Some of these require-

ments are controversial. For example, GPs will lose money if they do not meet demanding targets for screening of cervical cancer. Yet some consul-tants argue that mass screening serves no medical purpose and wastes much money. The Thatcher Government

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claims to stand for choice and diversity. Yet Mr Clarke is struggling to impose a uniform model of primary care within the NHS. He is claiming to the NHS. He is claiming to know what is good for all 30,000 GPs and their patients. As a minister at the Depart-ment of Industry, be would not have dreamed of behaving in this dictatorial manner: be would not have argued that all manufacturing companies must attempt to expand exports according to a hlue-

print written in Whitehall. It would be more sensible to recognise that different doctors will approach their tasks in dif-ferent ways. Some will lay more stress on preventive med icine than others. Instead of imposing uniform requirements from the centre. Mr Clarke should heed calls for the decentralisation of decision-making and responsibility within the NHS. There is no reason why family practitioner committees should not be responsible for drawing up contracts. In consultation with consumer organisations and other interested parties, they could specify the services required of GPs in their own localities. Such contracts could be monitored by regional health anthorities which already have snpervisory responsibilities for the practitioner committees.

Such a decentralised approach would lead to regional variations. Some practitioner committees, like Mr Clarke, would favour high capitation payments; but others would argue that performance can best be stimulated by increased reliance on item of service fees. No uniform model of general practice would be imposed; it would be possible to compare and contrast differ-ent local models, Doctors must be accountable for their use of taxpayers' money, but accountability requires neither unifor-mity nor loss of personal autonomy.

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Money aggregates and different types of inflation

From Mr Brian Reading.

Sir. Dr Paul Seabright observes in his letter of Octo-ber 17 "how poorly the broad money aggregates have per-formed as leading indicators of inflation in the last 10 years." This is partly because inflation is too narrowly defined. Attention is focused on the prices of currently produced goods and services, whether measured by the retail price index or broader measures such as the GDP deflator. All such measures of product price inflation exclude increases in the price of existing assets, such as houses, real estate, shares, old masters, antiques and other

An expansion of credit can be used to purchase existing assets rather than newly-pro-duced products. When this happens, the velocity of circu-lation is reduced, since the new spending does nothing directly to increase money. GDP Asset prices rise instead of real onight or predict prices. The inflationary effects of accelerating broad money growth in 1985-88 were apparent once attention is focused on asset prices. So rapidly did asset prices rise that not per-sonal wealth rose some \$400bn between 1985 and 1987, the last year for which we have figures. despite personal savings in those years of only 234bn. Asset price inflation pushed up personal wealth by the equiva-lent of three-quarters of the

Cold comfort

From Mr Edgar Palan Sir, The recent shake-out in the financial markets is said to have been triggered by the col-lapse of funding arrangements for the proposed bny-out of United Airlines. This, in turn, has been represented as a seri-ous blow for the take-over business as a whole. We may take some comfort in the situation.

The entire take-over scene, with its junk bonds, media hype and implications of insider dealing is at best dis-tracting and at worst repugnant to the ordinary investor. The market in companies is one market we could well do without Edgar Palamountain, Chairman,

Wider Share Ownership Council Juxon House, 94 St. Paul's Churchyard, EC4 ---

personal disposable income earned in those years. No woo-der people saved less and hor-rowed more, immediately to increase their living standards.

Hence the consumer boom. Asset price inflation does not increase wealth, it merely redistributes it towards those who already own most. In the long term, it is politically more divisive than product price inflation. But in the short term it is popular because it makes identifiable individuals quantifiably better off without mak-ing anybody identifiably and quantifiably worse off. Had the Government attacked asset robust manner that it attacks robust manner that it attacks product price inflation, it would have reacted sooner to the over-expansion in credit from 1985 onwards and the

from 1983 onwards and the British economy would not be in the mess that it is in today. An asset price inflation index, published alongside the retail price index, would give a better guide to the inflationary health of the economy. After all, money which is lent is invariably spent, and the effects of this spending cannot be properly gauged unless the prices of all the things upon which money may be spent at which money may be spent are considered. Brian Reading, 83 Shokespeare Tower, Barbican, EC2

From Mr Mark Brinkley. Sir, Martin Wolf's excellent

experiment has largely taked. It is time to go one step further and say that the supply side theories of economic manage-ment have failed and to draw a line under the experiment. The Chancellor is accused by Tim Congdon and the monetar-Tim Congdon and the monetar-ists of being too loose with money since 1985, when be offi-cially abandoned targeting money supply. Their analysis is correct as far as it goes; the money supply aggregates have grown at an alarming rate since then. There is apparently twice as much sterling now as in 1985. Inevitably, this must lead to a soft currency and

in 1985. Insvitably, this must lead to a soft currency and inflation. However, the analy-sis ignores political realities. The 1987 election was fought largely on one issue: unem-ployment. All parties had refla-tion programmes, of which the Tories' was the most conserva-Tories' was the most conserva-tive and without which they probably would not have been elected. The 1983 election was won on the back of the Falk-lands victory. Had there been no conflict, it is again doubtful that the Thatcher Government would have been returned. Short of engineering small-colonial victories every four

short of engineering sman colonial victories every four years, any government adher-ing to a strictly monetarist eco-nomic policy is unlikely to be elected twice. It is unlikely that a more monetarist govern-

Staffing schools in Surrey

From Mr Peter Renard From Mr Peter Renard. Sir, We in Surrey face a problem in staffing schools similar to that described by Roger Darke in his letter of October 11. Teachers can still be found for every classroom, but their suitability may be called into question. It some-times happens that advertised vacancies attract only one vacancies attract only one application, or a candidate may have no qualifications to teach the subject in question. Those parents who have

been closely involved with their children's schools know that they have been "run on the chemp" for many years. The system has only been kept going by the dedication and commitment - now in danger of being forfeit - of the major-ity of teachers. The Governrion to the education system. Peter Renard, Bentfield House, ment must bear the blame for failing to fund the schools ade-Danes Way, Oashott, Surrey

ment will again hold uninterrupted power in Britain for 10 years. If, at the end of 10 years, we find ourselves in the same kind of economic crisis that troubled us in the 1960s and 1970s, we must conclude that the new way of managing the economy has failed. There must be an effective and acceptable solution.

I suggest it is time to refo-cus on demand as the main area to control. Incomes policies have been unfashionable since the denise of the Social Contract, but there remains much scope to introduce improved versions. One would be for a government to promise German-style interest rates in exchange for German style inflation. To do this, the gov-ernment could simply divert ernment could simply divert all pay increases over and above the level of German inflation into a savings account which individuals could not tonch until retire-ment, Coupled with various credit controls as used in West Germany, this measure could ensure that there can be no wage soiral and opportunities wage spiral and opportunities for speculative borrowing would be limited. The fact that demand controls are prone to be evaded, as the Chancellor has pointed out, is no reason for not having them, just as laws are worthwhile even if

they are sometimes broken. Mark Brinkley, 10 Educard Street, Cambridge

Services exports

quately – a problem which now threatens to turn the introduction of the national curriculum into a shambles. Michael Prowse ("An obso-lete tradition," October 13), draws attention to the 6% per cent of children whose parents are able to have them educated privately. Britain's future pros-From Mr Peter McGregor. Sir, Peter Brighton does well to show the error of including interest, profits and dividends in the services element of UK exports (Letters, October 17). This is a trap into which gov-ernment ministers and other people have fallen in the past. Unrecognised, the error may lead to - perhaps has led to privately. Britain's future prosperity will depend on the abil-ity of the 93% per cent to com-pete against children from policies which are unhelpful to manufacturing. Since it is usually calculated that about one half of the true

other industrial countries who services exports are manufac-turing related, the truth is that only one eighth of our total exports are services exports not connected with manufac-

> Peter McGregor, The Export Group for the Constructional Industries, Kingsbury House, 15-17 King Street, SWI

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locations. Working with the Corporation,

will not be handicapped by an win not be handcapped by an inadequate education. Mrs Thatcher says she wants a national health service so good that nobody would want to buy private health care. She should apply, the same criteturing. t



FINANCIAL TIMES



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Thursday October 19 1989

Hungary steps out of the shadow of Stalin

By Judy Dempsey in Vienna

HUNGARY'S perliament on the path to parliamentary yesterday swept aside the leg-acy of Stalin as deputies voted ing role of the Communist yesterday swept aside the leg-acy of Stalin as deputies voted overwhelmingly for radical changes to the constitution. The 1949 constitution, which

imposed e Stalinist political model on the country, model on the county, destroyed all independent political parties and trans-formed Hungary into a "Peo-ple's Repoblic" ruled by the Hungarian Communist Party, was yesterday overturned in the parliament

In a packed house deputies voted for an amended constitution which put Hungary firmly

Crowd calls

as rumbling

THE EARTHQUAKE struck at four minntes past five local time on a bahny San Francisco evening. There were 62,000 baseball fans gathered in Can-dication. For the third

diestick Park for the third game of the World Series between the San Francisco Giants and their local rivals, the Oakland Athletics.

It struck just after the marching band had left the field and before the national anthem. The stadium began to

tremble, and there was a low,

deep rumbling. At first, most

thought it was a low-flying jet passing overhead on the San

Francisco airport flightpath. The quake lasted for 15 sec-

onds, but it seemed much lon-

The vibration in the upper deck of the three-level stadium.

was particularly exaggerated, and the coucrete roof on top of the upper deck could be seen to shimmer. People stood up, but there was no panic, and, as the rambling subsided, there

was a sustained round of

applause, followed by a chant: "Play ball, play ball."

At first nobody seemed wor-ried, even though the lights

went out, and everyone stood

and chatted calmly in the

evening sun.

'play ball'

subsides

By Peter Berlin

in San Francisco

power.

still

model

Mr Kalman Kulcsar, Minister of Justice, who had spear-headed the radical amendments, said yesterday in parlia-ment that the amendments Party enshrined in the constitution, the amendments now would be only the first phase of ushering in a completely new constitution to be drafted stress the "values of both bourgeois democracy and demo-cratic socialism." In addition, they update Hungary's legal after the elections. He told the parliament, "this is a transitional constitution", and civil code by emphasising the rights of the individual.

By Robin Pauley and Colina MacDougall in Guangzhou

CHINA'e mounting political and economic crisis is bringing all joint ventures with foreign

car manufacturers to e stand-

Shanghai plant has stopped, Peugeot plans to close its pro-duction line near Guangzhou, the provincial capital of the

southern province of Guang-dong, on November 4, and the Baijing Jeep joint venture with

the American Motor Corpora-tion is cutting production in Peking of its new Cherokee

The shutdowns have been caused by a combination of col-

lapsing domestic demand and harsh economic policies, politi-cal indecision at the highest

evel and a consequent paraly-

sis in the bureaucracy. This is an alarming symp

This is an alarming symp-tom of the growing effect of the policy of the hardline leader-ship in Peking following the massacre of demonstrators in June. Both Peugeot and Volks-wagen are now re-examining their investment strategy in China

Chinese industry is also severely affected. Many small factories are closing due to the

tightening credit squeeze and a

shortage of raw materials. Larger Chinese enterprises

are also feeling the strain. The

Production at Volkswagen's

aimed at guaranteeing a peace-ful and stable transition from The amendments were essen-tial for the holding of next year's parliamentary elections. These will be the first free electhe one-party state to a multi-party democracy. tions since 1948, when the Communist Party seized The amendments are regarded not only as politically important for Hungary but also

China crisis halts output from

because it cannot get the extended production quota agreed for 1989 or any indica-tion from Peking of its likely quota for next year. It has already produced its 1989 quota

On top of that, all car manu-facturers are increasingly anx-ious about the inability of any Peking official to make deci-

because the market has dried up. The stock of unsold Volks-wagen cars is already abont 4,000, tiny by international standards but huge for China's budding automobile industry. Peugeot has not secured a new car sale for two mouths. The Chinase Covernment is in

The Chinese Government is in an even worse fix. It has pur-

chased through barter trade

20,000-30,000 East European

cars which remain unsold, Pengeot is less exposed than Volkswagen which has a 50 per

cent stake in the Shanghai

euterprise and must now decide whether to make the

investment necessary to raise

of 7,000 cars.

of crucial psychological significance, since the goal of the present government, led by Mr Miklos Nemeth, the Prime Minister, is to introduce and institutionalise the important changes before the communists

finally cede power next year. "In ways, it is a kind of guar-antee that there can be no turning back", one deputy explained.

But as deputies voted through the amended constitution there were continuing sharp debates over how the country's next President should be elected.

The newly formed Hungar ian Socialist Party (HSP), which superseded the Hungar-ian Socialist Workers (Communist) Party earlier this month, want the presidential elections to be held on November 26. The HSP has already endorsed Mr Imre Pozsgay, the radical reformer, as its candidate. However, the small, radical Association of Free Democrats

(SzDSz) is attempting to stall the election until after the parliamentary elections on the grounds that the President should be elected by the new parliament.

There is something about Beazer which does not add up. Hawker Siddeley Yesterday it produced another annual increase of 20 per cent Share price relative to the

THE LEX COLUMN

Mortgage worries

for Beazer

FT~A All-Share Index in earnings per share, bang in line with its 10 year average. The shares fell. Indeed, they have done ever since Beazer 120 110 launched its bid for Koppers 18 100 months ago. This year alone they have underperformed the beleaguered construction sec-90 tor by 15 per cent. The yield is now 7.8 per cent, the discount to stated net asset value 63 per cent and the historic multiple 80 Just 5. This partly represents the market's view that the \$1.7bn Koppers deal represents a huge gamble which has not come 60 1984 86 .

gamble which has not come off. The outlook for US con-struction is not encouraging; for UK housebuilding - still 56 per cent of operating prof-it - it is downright depressing. The result for the group could be a profits fall this year of over 20 per cent. No wonder Beazer has as its first priority the reduction of gearing from a stated 97 per cent. That figure illustrates another part of the problem. A year ago uet assets - including a revalued Koppers - stood at £824m. They are now given as rant expansion overseas. It is less clear what happens next. The group's non-voting structure has sometimes led the market to think of Whit-bread as an inaccessible trea-bread as an inaccessible treasure chest. With Mr Sam Whit-bread relinquishing executive control, the sanguine investor access to fresh equity limited by its share structure, Whit-

Hawker Siddeley

It has been harder than usual this week to escape the sound of captains of British industry pouring scorn npon the short-term horizons of stock market investors. But stock market investors. But the strange case of Hawker Siddeley's new strategy sug-gests that in reality the City gives managements the benefit of the doubt rather too readily. The Hawker story has been an attractive one since the mid-1980s and the management's line has been confident. It has pared away sluggish Whitbread's proposed sale of businesses and thrust into the its wines and spirits business faster growth electrical instrumeuts and coutrols market.

bright-eyed new chief executive, recently arrived from Lucas Aerospace, that the City was missing the point all along. The official line now is that the company was actually overdue both for a shake-up and for a dash for growth. It and for a dash for growth. It must double its turnover to \$4bn in four years, with larger acquisitions than in the past but refocused on a few core areas, or risk long-term defeat at the giant hands of such as Asea-Brown Boveri or GEC. The strategy may well be admirable. But it is apparent incompistencies and changes of

admirable. But it is changes of tack like this which unsettle investors, as they have unset-tied Hawker's share price in the last few months. For that, industrialists have only themselves to blame.

WCRS Group

If yesterday's restructuring of WCRS is such a good deal of WCRS is such a good deal for shareholders, why does it have to be so complex and why has the company felt it neces-sary to tie up two of its biggest shareholders with standstill agreements? For a 10-year old company, WCRS has never been short of ambition. It used to call itself the most success-ful company in the history of advertising. Now it has admit-ted defeat in its efforts to build an international advertising network like the Saatchis or WPP and intends to go off and conquer the fast-growing world of European media buying. It may succeed; hut in the meantime it is making itself virtu-ally bid-proof, which leaves lit-tle defence for shareholders if

the grand plan goes wrong.

WCRS's shares have per-formed miserably since the 1987 market crash, if not as badly as some. However, it still badly as some. However, it still believes that being big is the secret of success in its husi-ness, which is why it is switch-ing its affections wholeheart-ediy to its French media-buying affiliate, the dominant player in its field. If Carnat lives up to expecta-tions, WCRS's earnings could continue to move ahead. But it has a very hig domestic share has a very big domestic share already and will have to rely increasingly ou duplicating its success in other markets. The assumption is that WCRS's shares will open at a premium from their 298p suspension price. But this will only be justifled if the company is regarded as a French media stock. Compared with its UK rivals it looks expensive, espe-cially since any takeover pre-mium disappears if this deal goes through.

joint venture car factories that it has been unable to pay its share of the recently increased equity capital in the By Stefan Wagstyl in Tokyo Peugeot venture. *CITIC is in deep trouble. They cannot do anything for

us and cannot make further contributions to the equity. We hope we shall have to close production for only two or three weeks uext month, in which case we shall continue to pay our workers most of their wages because it would be catastrophic to lose highly

skilled workers we have spent months training," said Mr Bruno Grundeler, general man-ager of Guangzhou Peugeot Automobile.

Peking official to make deci-sions since June 4. They say that key issues like production quotas now have to be settled at high levels by the office of LI Peng, the Premier. The true prohlem is the col-lapse of the domestic market. Volkswagen for example has e 1989 quota of 17,000 but will produce only 12,000-13,000 because the market has dried up. The stock of unsold Volks-However, the company has already lost some highly skilled staff, if only temporarily, because of the political clamp down after June 4.

All the car joint ventures have been warning the Peking authorities of the dangers of the economic policies intro-duced last autumn. In October acced last automa, in October last year the central govern-ment began to levy a new Local integration Fund Tax of yuan 25,000 (\$6,750) on each car, followed in March by a Special Consumption Tax of yuan 20,000 (\$5,400), "Apart from the problem of setting a nurchasing right

getting a purchasing right getting a purchasing right ticket the customer now has to pay yuan 200,000 (\$54,000) for a Peugeot 505 station wagon. We told them they would kill the industry but they ignored us. They say they are now consid-ering cancelling the new fac-tories but everything in China takes a very long time and if they do not hurry up we are dead." he said.

Japan's new scandal embarrasses Socialists

A SCANDAL involving Japanese politicians and politi-cal contributions from the pachinko (pinhall) gaming industry yesterday brought the country's parliamentary busi-ness to a standstill.

The proceedings of a key Diet committee handling the proposed revision of an unpopular consumption tax came to a halt with no sign of when a hait with no sign of which they might resume. The debate was cut short by demands from ruling Liberal Democratic Party members

that Mr Ippei Koyama, a mem-ber of the opposition Japan Socialist Party, should testify on oath about his involvement

in the pachinko affair. The LDP's attack turns the tables on the JSP, which forced Parliamentary business to be suspended for months during the Recruit financial affair by repeatedly demanding that senior LDP figures give evidence. The LDP wants to question

Mr Koyama about donations he allegedly received from the General Association of Korean Residents in Japan – a group with close links to both the pachinko industry and to North Korea.

Mr Koyama admitted receiving such funds in a an inter-view with Shukan Bunshun, a

£824m. They are now given as £824m. They are now given as \$1,162m, even after knocking off a startling new provision of £296m for cleaning up pollution from Koppers' chemicals busi-ness. The difference seems to consist largely of nextly calcuconsist largely of newly calcu-lated deferred tax, which seems rather notional comued: they are now on a higher rating than the sector leader, pared with the reality of £1.1bu uet deht. The market's response is neatly illustrated by the fact that net debt also represents three times Beazer's market capitalisation.

Even at that level the shares are scarcely attractive. The company most similar to Beazer in husiness terms is Tarmac, which languishes on seven times historic earnings and a yield of 6.5 per cent. Tar-mac does not have Beazer's debt mountain: uor does it have its inventive flair with accounting conventions.

Whitbread

is a sensible admission of failme to achieve scale in a ran

might expect unbundling to proceed, even to the extent of selling the lately-expanded brewing division. This may be wishful thinking: indeed, with bread may need brewing cash flow to finance further expan-sion in retailing. Nor is it clear that the shares are underval-

88 89

e press dox had brought small televisions and radios, and news began to spread of serious damage elsewhere in the Bay area. When the Goodyear blimp sailed away from the ballpark to take its aerial television cameras elsewhere, it became clea that something serious had occurred and gradually fans began to leave the stadium, some proudly carrying lumps of concrete which had fallen off the roof as souvenirs.

The streets of downtown San Francisco were filled with broken glass and milling crowds. With the power out, the place took on an cerie feel.

Bars, which stayed open by candlelight, were crowded, as were the diesel bases, which were the diesel mises, which continued running. Large numbers of people waited patiently ontside Bay Area Rapid Transit Stations, hoping that the underground railway system would reopen to take them home. A representative of the ferry

company wandered down Mar-ket Street, the main thorough-fare, yelling that the ferries were offering free rides to Oekland. The only raised voices were for anyone smoking; local residents were scared of gas leaks, which were reportedly to blame for at least two fires. In residential areas, people

gathered on their front steps in the dark with their portable radios. Some, frightened of an ratios. Some, inginance of an after-shock, set up makeshift camps in the parks. The atmo-sphere was calm and friendly. The only lights were from cars, particularly the numer-ous police cars.

Volunteers came out and directed traffic at intersections, using flares. At one intersection, someone appear-ing to be e tramp was directing traffic with aplomb; at another, the traffic was stopped dead as three meu with flares in their hands argued about the theory and practice of traffic control.

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Guangzhou Automobile Manu-facturing Corporation, a Chi-nese bus producer with 2,000 employees, is now barely ticking over with production of only 100 buses a year. Peugeot which started ouput

exchange rate mechanism of the EMS after remaining

exchange controls are lifted by other members of the system and when the time is ripe. Mr Lawson was not expected

Continued from Page 1 much of what happened was

after the ABC network started its broadcast of the World Series baseball game featuring

the two Bay area teams, the

San Francisco Giants and the Oakland Athletics, from Can-

dlestick Park on the west side

of the Bay. The commentator barely had time to warn view-

ers before power was temporar-

Over the following hours

vivid and horrifying pictures

ily cut.

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55 Readings at mid-day yesterday

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seen live on television. The earthquake struck just

tonight.

in 1986 with planned total investment of \$200m between 1987 and 1992, is closing its production line next month

production capacity to 60-100,000 cars a year. Ou the other hand, Peugeot whose equity stake is only 22 per cent, has as one of its partners the China International Trust and Investment Corporation (CITIC) which is in trouble with the new leadership because of its financial liberaldead," he said. ism. CITIC is so short of cash

Lawson to stress fight on inflation

By Simon Holberton and Philip Stephens in London

MR NIGEL LAWSON, the UK Chancellor of the Exchequer, will stress the need to get inflato announce fundamental changes to current monetary policy, but it has been specution down when he delivers a strong reaffirmation of the lated that the Chancellor might change the way the Bank of England funds foreign Government's economic policy in his speech at the Mansion House in the City of Londou exchange intervention. Currently the Bank "steril-

ises" its purchases of sterling Whitehall officials said yesin foreign currency markets by acquiring an equivalent amount of Government stocks terdey thet the Chancellor would not reopen the debate on Britain's full membership of in the open market - thereby neutralising any effect on the the European Monetary System. The Government's position is that the UK will join the

domestic money supply. Mr Lawson's speech at the Mansion House tonight is expected to be followed next week by e full-scale Commons debate on the economy which has been demanded by the opposition Labour Party.

Bush pledges support for disaster zone

As daylight faded there was

an often repeated picture of e policeman telling shocked resi-dents that they had 90 minutes

to prepare for night and the probability of no services,

power or water, for another

three days. They should not stand around doing nothing. The Federal Government has

moved rapidly to reinforce state and local rescue efforts.

Mr Samuel Skinner, Transpor-tation Secretary, flew to Calif-ornia to join Vice-President

Dan Quayle, who was already

The Lahour opposition attempted to make maximum political capital over remarks by Sir Alan Walters, the Prime Minister's economic adviser, who has attacked the case for full British membership of the European Monetary System. The proximity of the Man-

sion House speech added to a restrained mood on London's financial markets. The pound ended higher against the D-Mark yesterday at DM2.9450 compared with DM2.9325 on Tuesday. It was a touch stron-ger against the dollar et \$1.5885 and up 0.3 on the Bank of England's trade-weighted ster-ling index at 89.3. The FT-SE 100 Share Index ended 34.6 higher at 2,170.1.

relief declaration for the seven

most affected counties on either side of the Bay means

that the Federal Government will pay at least 75 per cent of the cost of rebuilding damaged

bridges and other public facili-

sured 4.5 on the Richter Scale

and hit at about 2am yester-

day. There is extreme nervous-

ness about the possibility of another quake. Scientists said

yesterday that serious though

Tuesday's event was, it was

After-shocks continue to rattle the area. The worst mea-

the Communist Government of North Korea. Its members are often accused of spying for Pyongyang and of supplying it with funds. The scandal is particularly embarrassing for Miss Takako Doi, the JSP leader, who, huoyed by election successes,

dents is widely suspected of having close connections with

has been trying to tone down some of the ideological ele-ments in her party's policies, including its hostile attitude to South Korea. As well as Mr Koyama, the LDP wants to question the newspaper reporter who wrote the story and two officials of the Pachinko Industry Association.

The JSP has agreed to the questioning of the industry officials only. The allegations concerning

The anegations concerning Mr Koyama are part of a wide range of claims aired in news-papers about politicians and the pachinko industry. The JSP has published a list of some 110 MPs, mostly from

the LDP, who accepted money from the industry. Such dona-tions are not illegal unless it can be proved that a recipient granted political favours in return.

But Mr Koyama's case is more sensitive - it is illegal to receive money from groups dominated by foreign influence.

It is not clear whether the General Association of Korean Residents would fall into this category or not. However, its activities are monitored, out of national security considerations, by the

Public Security Investigation Agency.

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lead the country yesterday met with harsh criticism from increasingly militant East Gerincreasingly militant East Ger-man opposition groups. Ms Bärbel Bohley, a founder of New Forum, the largest inde-pendent group with 30,000 members, said the people would be "very disappointed." "Krenz represents those who are remonsible for the present are responsible for the present political climate in this coun-

try" Ms Bohley told the Finan-cial Times. "I cannot imagine while the West German Chancellor, Helmuth Kohl, said that that he could introduce Mr Krenz would be judged by reforms. For one thing he does

whether he brought in reforms or merely defended the Com-munists' hold on power. Mr Honecker, who was highly unpopular when he rose to power, gained a degree of popularity for launching an ambitious housing programme Western leaders responded and lavish social benefits for the population. In recent years,

however, resources were diverted into the construction

of monumental buildings in

East Berlin

October 1989

weekly magazine, but later retracted his remarks. The issue is sensitive because pachinko is notorious in Japan for tax evasiou and for links hetween some parlours and organised crime. In Also, addition, the General Association of Korean Resi-

Yesterday's interim pre-tax idly changing world market. profits up 16 per cent at £93m were as expected; and it is pre-The brands could do better with any of the bigger distribu-tors; candidates might include cisely Hawker's recent reliability which has sharpened the tors; candidates might include Pernod, Suntory or even – given Whitbread's small share in the UK – Allied Lyons or GrandMet. If Whitbread gets even £400m, it will have an City's appetite for its shares since 1986. At 658p, they are now priced at 10 times expec-ted 1989 earnings, a high rating for an engineering company. So it is odd, then, that invesalmost ungeared balance sheet with which to tackle restautors now learn from Hawker's

Valeo

has acquired the capital stock of

Blackstone Corporation

from

Mark IV Industries, Inc.

The undersigned acted as financial advisor to Valeo in this transaction.

Dillon, Read Limited

vere shown of nres and col- apsed bridges as well as of the videspread dislocation in one of the US's leading cities.	in making a preliminary assessment of the damage for Mr Bush. The signing of a disaster	Thesday's event was, it was not the hig earthquake that they have been predicting along the San Andreas Fault.	monitored, out of m security considerations Public Security Invest Agency.
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alenater S 14 57 file de Jo C 30 88 la C 34 93 Rome S 19 59	Coutinued from Page 1 refusal of the official media to	try" Ms Bobley told the Finan-	while the West Germa

acknowledge the causes of mass emigration and the desolate mood in the country.

not enjoy the trust of people." The choice of Mr Krenz to She noted that Mr Krenz was responsible for e crackdown on the opposition in November 1987 which embittered many young East Berliners. cantiously yesterday to Mr Krenz's elevation to power. President George Bush said that it was too early to say if the change would mean more openness in East Germany,



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SECTION III

FINANCIAL TIMES



Merseyside provides one of Britain's worst cases of urban blight. One in five men is still out of work as it

struggles to rebuild its economy. and recover from damaging political warfare. Can it be trusted with investment? lan Hamilton Fazey reports.

A case still to prove

IS IT SAFE? After a decade of in a crush when a wall col-turmoil and political warfare, lapsed at the European Cup this is the one question every Final in Brussels. this is the one question every potential inward investor in the world wants answered about Merseyside and the city of Liverpool, its heart. For economic and structural

reasons beyond its control, Merseyside begin the Thatcher decade on the slide. Atlantic trade was dwindling, shipping technology had shifted to bulk or containerised cargoes, and the docks were modernising, shedding thousands of unskilled jobs directly and larger numbers associated with them. From the 1950s, grants from

successive governments had encouraged branch factories to replace lost work, but these had no local loyalty from employers or workforce. The area's labour relations image was poor. Joblessness

rose as branch factories closed. Social tensions heightened, erupting in the Toxteth riots of 1981, Business confidence evaporated, recession deepened, with 26 per cent of Merseyside men still unemployed in 1987. Worsening political chaos between 1983 and 1987 damaged the image further, as did the riotous behaviour of Liverpool football fans in 1985. which left 39 Italian fans dead

For much of the Thatcher decade Liverpool's Labour party was manipulated by the Militant Tendency - a sectarian, Trotskylte grouping obsessed by class warfare, which played on the socialist fundamentalism of many non-Militant idealists in the party. In power, Labour deliberately confronted the Govern-

ment over local public spend-ing, precipitating a series of budget crises, which hrought the city to the brink of bank-ruptcy at least twice. By 1985-86, Liverpool was at the nadir of public esteem throughout most of the rest of

Britain. Industrial land was unmarketable.

Merseyside as a whole was tarred with its image, even though the city was only one third of the 1.5m-strong county and badly split.

By 1987 a nettled Govern-ment had secured the disqualification of 47 Labour councillors. A damaged national Labour Party investigated its Liverpool activists, wound up their organisation and expelled the Militant ringleaders. One piece of linck was that Mr Keva Coombes, a well-re-

pool city council. Backed by Mr Neil Kinnock, he set about persuading Labour from its local isolation-ism, eventually – this year –

joining the board of the formerly hated Merseyside Devel-opment Corporation, the agency for regeneration. Coincidentally, an influx of private sector and other lead-ers arrived when Liverpool was at or near rock bottom. They have injected new vigour

into Merseyside's business leadership. Mr Geoffrey Piper, the new bead of Deloitte Haskins & Sells, founded Boom, which stands for what it tries to pro-

mote - Business Opportunities on Merseyside. Mr Brian Thaxter shook up

Barclays, the region's biggest bank. Professor Graeme Davies, Liverpool University's new vice-chancellor, suddenly made the institution relevant to its local community.

Mr Michael Parkinson, director of the university's Centre for Urban Studies, says: "Peo-ple were shocked by the events of the early to mid-1980s. The political and economic class of business leaders just did not play much part in this city. There were too many branch factories and a lack of entrepreneurs. The new people were not



Liverpool, the capital of Merseyside: in spite of changed attitudes, the city's image remains poor

garded solicitor and former leader of Merseyside county council, failed to win a Conservative-held marginal seat at the 1987 general election; he became available to lead Liver-

involved and exhausted by the conflicts of the earlier 1980s. I believe that things like leadership and vision are very important. This proactive leadership class is necessary, if not essen-tial, for regeneration."

Mr James Fitzpatrick, former head of Mersey Docks and now chairman of Liverpool Health Authority, echoes this: "We needed to replace the old brainpower of port and ship-owners who have gone now. Now we must stop analysing and draw up a blueprint for action. We don't want problems, but solu-

Mr Parkinson says that Merseyside now has a very different political feel. "The previous approach was to look outside for help, for external cash transfers. There has to come a point when you start helping yourself before asking others to come in from outside and help you."

One important pointer to changed attitudes is that the council has commissioned Peat Marwick McLintock to advise on city centre regeneration and how to make a partnership with the private sector work, Mr Tim Johnson, the Peats

partner in charge, says: "Any-thing that happens needs to have the city at its heart. Liverpool city centre is the capital of Merseyside.

MERSEYSIDE

Population loss needs to be stemmed. A city is more than its economy. We need to find ways to get people to live in the city and to try and stop some of the flight from Liver-

We need to find ways to get people to live in Liverpooi'

pool. The outflow is now 6.700 people a year."

Mr Johnson sees the positives for the city as its low cost base, its pool of labour and the availability of sites and land. But he says the image remains poor, with outsiders hearing a confusion of messages

Everyone gets set to make the right noises and then there is a setback," he says, "There are some fragile attitudes in the private sector. They read a setback as risk," says Mr John-

This year's big setback was

in the Thatcher decade the last-ditch fight of Liverpool's dockers to strike against abolition by Parliament of the National Dock Labour Scheme. They were first out and last back, demanding a national solidarity most of Britain's other dockers refused to give.

incremental way." Mr Chape has been working closely with Mr Bradley to exploit the advantage of the Task Force, a body unique in Mr David Bradley, the new head of the Government's Merseyside Task Force - which co-ordinates the local work of all civil servants and controls urban funding - says there is some such setback every six ronment Secretary, to cut red tape and channel resources weeks when an element of dis-

The Government reviewed the Task Force last year but bolstered it in the end when Mr Bradley, an under-secre tary, was appointed to head it. This in itself was important for suffers from setbacks being expected, so that they confirm. confidence, since it confirmed. ndice Government willingness for

says the region's propensity for self-denigrating loquaciousness is as damaging as anything. "I sometimes think we should give our taxi drivers £5 a day to drive visitors around in silence," he says.

in attitudes is exemplified by Mr Alan Chape, the former

Chemicals Industry St Helens; Setton; Liverpool Wirral: Knowslev

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Economy: Politics

Liverpool Airport, Tate Gallery Liverpool; Community relations Seaside resorts; Merseyside **Development Corporation** Wavertree Technology Park; Mersey Barrage Food industry; Car Industry Liverpool University; Liverpool Polytechnic 11 Sport, Tourism 12 Photography, Mike Arron and Ian Hamilton Fazsy

Editoriel production: Roy Terry

have spoken to 40 major developers. Of these, 30 say they will now consider Liverpool. They are only holding back for profit and yield reasons, not because of worries about the

political situation. "Is the city council all right to get into bed with? Our own study is a strong indication of their earnestness. Developers planning officer who is now want strategy fixed with the city council. They want assur-ances on planning and stabilassistant chief executive and charged with building bridges to both the Government and private sector. He says: "Our biggest prob-lem is our image within the ity. They can get these now."

Mr Parkinson says: "Part of Liverpool's problem has been instability. We now have sta-bility. We lacked leadership in the business community. Now it's coming because people really believe they are going to be in business here for a long

UK and getting people just to come here and look so they can discover things are very differ-ent from what they expected.

"We are beginning to rebuild confidence. We need a better

relationship between the pri-

vate and public sectors and are working towards it. But we

have to move forward in an

Britain set up in 1981 by Mr Michael Heseltine, then Envi-

There is worry that some of

into Merseyside faster.

So is it safe to invest in Merseyside or even move there? Mr Piper thinks it is and says the proof is in places like the Wav-ertree Technology Park, Mr Heseltine's most taugible achievement.

It can also be found among 300 or so privately-owned, small or medium-sized businesses, which Mr Robert Toomey of Investors in Industry says are making good profits, have no labour problems, and are soaking up develop-

ment capital for growth, But Mr Toomey also says they keep a low profile, lest publicity makes them targets for union activists or the image problems of Merseyside rock their customers' confidence.

Merseyside can afford neither such achievements to go unsung nor the reasons for their suppression. The birth of the gestating partnership of public and private sectors needs to be induced as soon as possible, for the only thing that will convince the world is proof, more proof and yet more

1.1

cord emerges. The closure of Birds Eye in Kirkby - allegedly because of worker cussedness - is another example. Merseyside

Mr George Alcock, chairman of the chamber of commerce, special treatment. the disqualified councillors will try to return to politics when their five-year disqualifications are up, but Mr Coombes thinks things will have moved too far by then for Merseyside's new course to be

In the Town Hall, the change altered. The market will decide how far. Mr Johnson says: "We

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Merseyside Development Corporation

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MERSEYSIDE 2

ing. Coming areas for growth

are heritage, a rock music museum, TV and media cen-

tres and the arts and culture

Mr David Bradley, head of the Government's Liverpool

Task Force, says industry strategies which are based on

tourism, the arts, and making Merseyside a media centre, are crucial Mr Tim Johnson, of

Peat Marwick McLintock, says

this makes a wider sense than immediate jobs because the

arts and cultural industries

play a crucial role in promo-ting quality of life for inward investors who will bring jobs

with them. Mr Alan Chape, assistant chief executive of Liverpool City Council, agrees. "We have undersold what we have got."

he says. "It's not just places like the museums and the

Tate. We have underplayed the general level of artistic capabil-ity and creativity in this city. "We can match anywhere for

creativity in the artistic field. This can and should be part of

our leading edge. We are already approaching a critical mass. With the right training

we will have a pool of labour which others will not have. "The question then is what

ing a big concession ahead of an agreed announcement of a

small increase in urban fund-

him his job, while strengthen-ing the resolve of a humiliated

Government to sort out the

pool Militants.

city conncil.

Mr Patrick Jenkin, the hap-

industries."

WITH 19.3 per cent of Merseyside men unemployed in August, the best that could be said about the situation is that it has been very much worse_

Two years ago, the figure was 26 per cent. In September last year it was 23 per cent; last February it was still 21.5 per cent, so there appears to have been a slight improvement in the rate of improvement.

Women fare better, with a latest rate of 7.9 per cent, compared with 10.5 per cent a year ago. Women also contributed to the perceptions the Government would rather people had: they pulled down the overall rate to 14.2 per cent in August. There were 87,773 claimants

in August. This was 20,000 fewer than last September and although it is less than the same month's figure in Greater Manchester - 102,365 - the latter conurbetion has 2.5m people to spread the woe among, compared with under 1.5m on Merseyside.

This concentration means the problem is not easily dis-guised. Merseyside jobless ness remains worst in terms of size and density than anywhere else in Britain.

Comparison with the rest of the north-west emphasises the point. Cumbria's overall rate is best et 5.9 per cent, followed by Cheshire 6.8 per cent, Lancashire 7.4 per cent and Greater ster 9.1 per cent.

Merseyside's problem thus appears intractable in the short term. Moreover, it is not spread evenly throughout the population, being confined largely to unskilled men with-out the skills or natural abilities to fend for themselves.

There is plenty of work on Merseyside - but for the qualified or otherwise skilled white-collar middle classes. The unemployment rate in the white-collar sector is thought to be under 5 per cent, or virtu-

ally fall employment. Merseyside chamber of com-merce, supported by Royal Insurance, Littlewoods, the Equal Opportunities Commission and several trades unions is even planning two nurseries/ crèches for central Liverpool to hang on to skilled female office workers - and this in a city where one in five men are job-

Mr Michael Parkinson, director of Liverpool University's centre for urban studies, says: There are long term structural problems, worsened by uneven development. Investment in public infrastructure would soak up the unem-ployed, bnt you also need a package of measures, such as

Crucial issue is training structural unemployment. But the bases which have remained more small firms, and longer term jobs for the semi-skilled are profitable, if not job-creatand unskilled. You must ing. You are getting a small renaissance in bits of the econattract growth opportunities." Mr James Fitzpatrick was omy but there are many pockchief executive of Mersey ets which have been untouched by this." Docks and Harbour Company until 1985 and led the restruct-He believes Mersevside's uring of the dock labour force hopes rest on restructuring its economy while developing a

which helped create today's pool of unskilled, almost unemlong-term training and retrainpioyable men. He says: "Not enough was ing strategy. "Cars, chemicals and insurdone about retraining. People picked up large sums of money but could not match themance have all reinvested and are profitable. There is a much selves to any opportunities there were. The money has more positive air. There is clearly some growth in the financial services sector. It gone as many of them failed at what they tried to do.

mancial services sector. If doesn't mean we are catching up with Manchester, but we are doing better than in 1979," Mr Parkinson says. "The high technology suc-cess is Wavertree Technology Park Managed work succe and "My generation of people running Merseyside did not do enough. We saw 11,000 men leave the docks, many of them with 10 years or more of work-Park. Managed work space and offices there are full. There is a ing life left in them. The job of employers like me was sur-vival, ensuring that we would demand for that kind of operation, so you are getting design-ers, computer software consulhave a port at all at the end of the century. We didn't retrain. tants and other professionals moving in. It is small but sig-Not everyone was retrainable. but we didn't even think about nificant.

community.

1992?

The confrontation between

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it. It was someone else's responsibility. We needed a "Tourism is another growth area. Far better to have it than Training and Enterprise Counnot. It sucks up people who are cil 20 years ago." Mr Parkinson says: "We got down to a very low base with unskilled. The awareness of opportunities is also increas-

THE Mersey Marathon may Thatcher Government was one of the political landmarks of seem to have no connection with politics, but an incident last month after this year's foo-trace sent a frisson of alarm the Thatcher decade. Accord-ing to Mr Keith Robinson, director of Merseyside chamber of commerce, it did more damthrough Merseyside's business e to the area in three years Liverpool City Council had guaranteed the future of the

than three decades of poor labour relations in the car race, now the second most industry. Labour, which had been important in Britain after the London Marathon and this well-infiltrated by Militant supyear's trial for the Common-wealth Games. porters, won power in Liver-pool in 1983 and embarked In the civic hospitality tent immediately on high-cost,

Ian Hamilton Fazey discusses the economy

afterwards, Mr Derek Hatton, the disqualified former deputy high-risk urban regeneration strategy. It was to be municipal-led leader of the city council and the world's best known mouth-piece of the left-wing Militant. Tendency, dominated proceed-ings and held court. and based spending more on council housing. The council kept setting budgets beyond its resources, trying to force the As Mr James Fitzpatrick, chairman of Liverpool Health Government into giving it more money. Authority and one of the elder

The Government resisted and the city hurched on from year to year on the brink of statesmen of Merseyside's busi-ness community, puts it: "The people who were disqualified have not gone away. What is going to happen when their disqualifications are up in bankruptcy, Last-minute deals with Swiss

cial collapse.

Meanwhile, the Labour Party was counting the cost of the damage the Militants were doing to its chances nationally. and Jspanese banks allowed two great escapes from finan-Four years ago at the Labour Party conference, Mr Neil Kin-At one stage Mr Hatton, whose natural persuasiveness nock, blasted Liverpool's lead-ers for their policies.

and charisma made him a bril-liant manipulator of the broad-By then they were trying to sack 22,000 council employees cast media, scored a telling so as to avoid running out of propaganda victory by claim-

It was enough to trap the Militants and other Labour councillors on the council in a Government-Opposition pincer movement. The Government encouraged

less Environment Secretary of the day, was accused of paying danegeld to buy off the Liver-Ultimately, it was to cost finances for wrongdoing. Meanwhile, Labour started investigating the influence of

> **'Under Keva Coombes** there has been a considerable

FINANCIAL TIMES THURSDAY OCTOBER 19 1989

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training packages should we devise?" Mr Chape sees tourism as one area of growth and decen-tralisation of the civil service as another, the latter aided by Liverpool's low cost base, despite its being still a major financial and commercial centre. "Wavertree Technology Park has proved that if you create the right environment you can actually generate new

high technology activity and attract major inward investment, such as Barclaycard. Wavertree Technology Park has also helped to retain peo-ple in the city," he says.

However, the problem is time. Even if large projects go ahead, such as the development of Liverpool Airport, they will provide only short-term relief to many of Merseyside's large pool of unskilled jobless. And while their availability

as a labour pool is an asset, the embryonic nature of the new Train ing and Enterprise Councils offers no guarantees yet of making more of the jobless more widely employable - and Mr Fitzpatrick points to an embarrassing shortage of peo-ple willing to get involved in them anyway. Mr Johnson adds: "The posi-

tives for Merseyside are its low cost base, its pool of labour and the availability of sites and land. The missing ingredi-ent is training." How to get to grips with this looks like being one of the crucial issues faced by Merseyside in the 1990s.

CLYWD

firmed in office, they mis-judged the Liverpool elector-

of Merseyside county council, who had become a Liverpool

councillor through a by-elec-

tion and was being encouraged

by Mr Kinnock to sort out the city. It meant he was free to lead Liverpool, which he has

new sense of realism on the city council. There is a grow-ing together now of the cham-

ing together now of the cham-ber of commerce with the poli-ticians at the Town Hall. "There's no holding back in our dealings; we talk straight with each other. We have sunk our differences. We have formed Merseyside united.

There

е сиго

The view of national Liberal

Militant shadow lingers

POLITICS

money.

leaders is that their Liverpool colleagues blew it. In six weeks of caretaker office before elec-tions could be held, they steamed ahead as though they already had a mandate, instea

the district anditor, the watch-dog on council spending, to look hard at Liverpool'a of following national urgings of restraint. An annoyed electorate returned a new wave of Labour councillors to power. Who would lead them was solved by the electors of the

Lancashire marginal seat of the already proscribed Militant Hyndburn in the 1967 general election. They rejected Mr Keva Coombes, a former leader

turnaround'

done with great skill. Tendency on the local party. Mr Robinson says: "Under One result was that Mr Hat. Keva there has been a consid-



Hatton in his heyday

centre for urban studies and

author of several definitive

studies of Liverpool's prob-

lems, has no such worries. "There is a different political

feel to the place. There is a

different city council, a differ-

ent media approach. The prob-

back

Coombes: "I am realistic"

A State A

after the marsthon? "Derek Labour had shunned before. Hatton has a public relations company and he sees himself "The only worry of some of our members is about what will happen when the disqualiorganising the marathon's long-term aponsorship. The money goes to Alder Hey Chil-dren's Hospital; who am I to fications are up., Will the former councillors return? Will they try to turn the clock say that he shouldn't do such Mr Michael Parkinson, director of Liverpool University'a

work for such a cause?" Mr Coombes says. There, of course, other aspects to Merseyside's politics. There are four other boroughs.

Liverpool, however, sets Merseyside's overall political tone. By common consent, the self-effacing Mr. Coombes is

Electrere CHESHIRE " Port

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lere comes the Sun



Knowsley Borough Council, Municipal Buildings, Archway Road, Huyton, Merseyside, L36 9UX.

WILD B Mulhearn, his closest political associate, and four other activists, were expelled from the Labour Party. The other was the disqualifi-cation from office for five years

and the surcharging of 47 councillors by the district auditor. They were held personally lia-ble for £106,000 of interest lost

ble for £106,000 of interest lost because they were deliberately late setting a rate. Appeals to the House of Lords failed and they lost office early in 1967 but if any-one hoped that the Liberals – the largest opposition party on the council – would be con-"You cannot undo three years of the Militants overnight and perceptions in the sonth-east and the rest of Britain remain poor. But the results are there to see, with Keva joining the board of the Merseyside Devel-opment Corporation, which

KEY FACTS

LIVERPOOL - heart of Merseyside

DEMOGRAPHIC

Urban area population (1981) 538,809
Catchment population 1988 (commuting aree) 1.024.176
Catchment population growth 1981-88
Population within 5 miles of centre (1981)
Population within 10 miles of centre (1981)
Age structure*

7.8% (6% 20.6% (16.3% 16-24 25-44 45-pensionable age Over pensionable age CAR OWNERSHIP (1981)" Households with no car ... Households with one car 61.3% (39.5% louseholds with two cars Cars per household . .0.48% (0.76%) HOUSEHOLD TENURE (1981) 40.3% (55.7%) 40.9% (31.2%) --- 12.7% (8.6%) Private rented ..6.0% (4.2% ECONOMY Primary industries .1.5% (4.6%) Distribution, hotels & catering 4.5% (4.9% 18.8% (20.1% Retail distribution ... 10.4% (9.7%) ...8.5% (6.4%) Transport & communication Banking, finance & business services 11.0% (9.5%

PROPERTY

Other services ,

Residential
Average house price, mean for 1988
Regional average house price £35,700
Commercial
Rate in the £
Guide to prime regis
Offices
Retail Apr 1989 - £140 psf (Sep 1987 - £125 psf)
Industrial May 1989 - 52.25 pet (Sep 1986 - £1.50 pet)
COMMUNICATIONS
Road About 207 miles from London
Rail Lime Street to London Euston 2hr 35min
Air Liverpool Airport
Greet Britein average in parenthesis
Source: Property Intelligence Ltd (Tel 01-839 7694)

32.3% (28.9%

are s more clearly," he says. leader.

Ian Hamilton Fazey

A combination of age-old expertise passed on over the century, coupled with the investment made in the most modern production machinery

ished the cos

"The previous approach was to look outside for help, for external cash transfers. There has to come a point when you start helping yourself before asking others to come in from Imperial Tobacco ontside and help you. This emerges when things are starting to pick up, as they have been lately. Limited **Liverpool** Division

Founded in 1860 by Thomas Ogden, this well established pipe tobacco and snuff manufacturer, now part of Imperial Tobacco Ltd., continues to produce and seel a wide range of maditional high quality pipe tobaccos and snuffs throughout the UK and to export markets in over twenty different countries. "I get lots of questions from outsiders but people don't ask about the Militants much any more. It seems to me a dead

issue.". Mr Coombes himself shows his usual political aplomb. He says: "I am realistic. Of the most celebrated people from the past, two are not even members of the Labour Party

any longer, so they won't be our candidates again. "Some of the other disqualif-ied councillors have decided to stay out of public life but some, like John Hamilton, the former leader, will want to come back. He is no different from myself and many others, so what is there to fear? But whoever wants to return, there

But what about the incident

Enquiries to: R L Jones Imperial Tobacco Limited is now no going back on our

has firmly est

as one of Europe's fo

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MERSEYSIDE 3

lan Hamilton Fazey evaluates the impact of leading immigrants

IN 1985 Mr Geoffrey Piper, who Not that this cut much ice had spent 13 years building the with thosa not involvad. operations of Deloitte, Haskins "When I said we were moving Jersey, the largest Channel-Islands offshore financial con-tre, was waiting for promotion. Whe the offer came, he went.

DBER 19 4

home to tell Sue, his wife. He recalls: "It's in Laverpool,' I said. I shall never lorget the look ou her face. But we needed a change Her attitude was, Well, I think we ought to at least have a look."

They took three or four months to make up their minds. "My impression was that this was a city going through an awful time but that other British cities had gone through bad times but they solved their own problems." Mr Piper says "After all, this was not Beirut."

There was no problem for the Pipers' three teenage daughters. Offshore financial. centres are desert islands in terms of entertainment for but good from the move.

Chemicals plants in the Stanlow area

Not that this cut much ice & Sells, the accountants, in to Liverpool, friends in Jersey and London said that we must

be mad," Mr Piper says. There were several other outsiders in the same category whom he calls "The class of 86". They include Mr Robert Toomey, a Welsh-born venture capitalist with Investors in Industry (31), who moved from the Manchester office to take

charge in Liverpool. Another was Mr Brian Thaxter, the incoming regional director of Barclays, the big-gest bank on Merseyside, who shook up the organisation and increased its thrust and impact on local affairs dramatically. Professor Graeme Davies did a similar thing at Liverpool University, making an impact

from the moment he arrived as vice-chancellor. ughters. Offshore financial utres are desert islands in trms of entertainmeut for arrived uncluitered by local history, ready to evaluate Liverpool not for fis navel- con-t good from the move.

The Class of '86 settles down

against other cities, such as Nottingham, where Mr Toomey had begun his career with Boots before moving to Si, or Sheffield, where Professor Davies, a New Zealander, had seen another major city in decline and undergoing change.

Though born locally, Mr Tim Johnson, a partner with Peat Marwick McLintock, the accountants, looked set for a City career in the mid-1980s. He had done a high profile secondment to the St Helens Trust to introduce the enterprise agency's ground-breaking business expansion syndicate. He then moved to London to write a report for the Govern-ment on the future of the Business Expansion Scheme generally. "People in London thought I back bere,"

Robert Toomey

was mad to come back here," he says. "It was around the time of the Heysel Stadium disaster, in 1985, when Liver-pool's image was mud all over the world. But the quality of high here is graded Liver in a pice ries. "To come to a place with a world-class orchestra, four



Geoffrey Piper

and enlightenment. "The first stumbling block I came across was trying to persuade other senior managers to move here,

Tim Joi

recalls

bought a house twice as big as theirs for half the price they

paid for theirs in the price they didn't make much impression. It was quite clear we had an image problem," Mr Piper

He met Mr George Pragnell,

head of Business in the Com-munity's operation in the north-west, and officers of the

Government's Merseyside Task Force. He decided to start his

own bridge and image building by creating a promotional body called Boom - Business

senior managers to move here, too," Mr Piper says. Deloittes is auditor to the Royal, Littlewoods, Plessey, Mersey Docks, Royal Liver, Charterbouse Tilney and Alsops. It employs 200 people, of whom 100 are auditors. Betiment meant there were Retirement meant there were senior jobs going. "I was trailing jobs around

our London office. I was saying that I had come up here and

Opportunities On Merseysida. Boom's approach has been to hype what is hypable to persuade potential inward investors to at least have a look at Merseyside, instead of crossing it off their lists out of hand. Mr Piper even persuaded Mrs Thatcher to write the fore-

word to Booms's glossy bro-chure. The basic technique has been to bring groups of people in for short trips to see what there is and to meet successful

There has been a seminar at the Barbican and another will be beld next year. Meanwhile, the university is to stage a conference and tour for its successful alumni in the hope that some of them will expand their businesses near their alma mater

Boom's hype has irritated some on Merseyside, who worry that problems may be understated, leading to people being put off when they realise this

Also, Mr Piper's irrepressible enthusiasm has discomfited some of the business old guard, who think him public school and pushy But Mr Keith Robinson,

director of the chamber of com-merce, says: "Geoffrey Piper is very useful because he deals with people outside Mersey-side. He has credibility because he puts himself where his mouth is, and that's impressive."

Mr Piper defends his tactics: "It was better for me as a new-comer from outside to tell people down south that things were not as they thought. The hype had strong ingredients. It

deliberately set out to surpris people. Once you have got peo-ple playing ludo with you, you can then introduce them to other games and let them see that there are some snakes to slide down, as well as ladders to climb.

Ш*

"If you get people just to take an interest, then a quarter of the battle is done.

"As chartered accountants we had an entree into board-rooms and close contact with other advisers. People are coming to believe that there is good value here and a lot of undervalued things around.

"Around 1985 many people just wrote us off, I am not claiming that we are better as a place for investment but 1 am claiming that there is no reason now why peopla should leave us out of the reckoning."

He solved his own recruit-ment problems when a senior audit partner moved from Newcastle and another rising accountant relocated from Deloittes in Glasgow. Neither would have looked at Merseyside three years ago.

Deloittes has accepted his arguments about Merseyside's lower cost base by moving its national mainframe computer there at a cost of £500,000. He is selling careers hard, stressing the standard and quality of life that goes with not having to cope with south-east mort-

"My wife said to me the other day, 'I do hope we never leave Liverpool'. That's how good we have found it," he says. Mr Piper himself has become his own message.

splendid theatres, and half a dozen national museums and art galleries was wonderful." Ironically, tha Pipers and Toomeys clashed accidentally, life here is good. I live in a nice area but I'm only 20 minutes from the office." double gazumping each other to buy the house in Parkgate, whral, of Mr Nicholas Barber, Mr Piper says: "We didn't have a culture shock, but a culture surprise. In Jersey the chief executive of the Ocean group, who was moving to Lon-don. The Toomeys won. The Pipers consoled themselves by buying well in Willaston nearby. "Not all was sweetness theatre was amateur dramatics because you had to make your own entertainment. Wa kept same by always having trip off the island written into our dia-

CHEMICALS INDUSTRY Modest uplift in fortunes THE chemicals industry has

been an important part of the Merseyside economy for more than 150 years. It is still one of the most concentrated sites for chemicals manufacturing in Britain.

Although the outlook for the sector on Merseyside looked. far from good in the early 1980s as a result of the general economic recession, the chemicals industry in the region is now undergoing a modest renals-

CCCCSe, e The main reason for the uplift in the industry's for-X273275.291 tunes on Merseyside has been, 2013115. 223

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as elsewhere in the chemicals sector, a swing away from basic, low-value products towards more specialised mate-a Mr 20003 risls . that command better 5 3 7772571.7 prices and are less prome to cyclical changes in demand.

This trend can be seen in a Hemilanis most of the chemicals groups

films. Some of these areas are relatively fast growing and the materials command high prices. . . .

Unilever and ICI are just two of the internationally known chemicals groups on Mersey-side, Others include Albright & Wilson (part of the US Tenneco group), BOC and Shell - the last of which has a big oil refi-nery and chemicals plant at Stanlow on the Wirral. Stanlow's chemicals operations

have recently been given a boost by the start of construc-tion of a £90m pipeline linking Shell's chemical factories in north-west England with a big ethylene plant which it runs in Fife in Scotland in a joint venture with Exxon

The pipe, due to be finished next year, will safeguard sup-plies of ethylene, an important raw material for many chemicals, for the Stanlow site. It

A POWERFUL **REASON FOR** SETTING UP IN MERSEYSIDE ನ ನಿಜಿಷೆಟ್ ಎಸ್ಮಾರಿಯನ್ನು

around the Merseyside estuary. Many can trace their roots to the early part of last century when one of the oldest branches of the modern chemiial Tobac cals business started in the

form of soap-making. Lever Brothers (later merged into the Anglo-Dutch Unilaver) was prominent in the region, as was Runcorn Soap & Alkali. This was eventually amalgam-

The Mersey acted as a conduit for exports of finished products

ated into United Alkali — one of the four companies which merged in 1926 to form Impe-rial Chemical Industries. Today, ICT's production sites in and around Runcorn have a workforme of about 4.00 make

in and atomic infinition have a workforce of about 4,000, mak-ing the company one of the biggest employers in the area. The Runcorn operations have The Runcom operations have diversified into thousands of different chemicals although most are based on well-estab-lished inorganic chemicals including chlorine, sodium hydroride and sulphuric acid. Uniteven too remains a

Unilever, too, remains a major employer, with several factories, most notably at Port Sunlight on the Wirral. War-rington-based Crosfield Chemi-

broad trend are some plain facts of geography. The Cheshire salt fields and the coal fields of Lancashire provided raw materials for the soap-making process. The River Mersoy acted as a con-duit for exports of finished products, and also for trade-into Britain of any fatty vege-table oils needed to supple-ment the supplies of tallow (animal fat) which was another essential raw material. Crosfield (which became part of Lever Brothers in 1920) con-

of Lever Brothers in 1920) concentrated on soaps and related materials for many years

before diversifying over the past 25 years into a range of more specialist products. Today, the company employs 750 people on its original site in Warrington and has established an international reputation, in particular, in silicate tions including catalysis, chro-matography instrumentation, papermaking and packaging

will also make possible increases in output from Stanlow of some of these ethylene-based chemicals, uotably so-called higher oletines which are used in relatively high-value chemicals-based prod-ucts such as lubricating oils

and detergents. Other Merseyside companies accenting the more specialised side to chemicals include:

 International Biosynthetics part of the Shell group, which is based in Widnes and is spending £30m over two years on investing in new processes. The work is aimed at making possible the manufacture of new, biology-based materials which can be sold to the phar-maceuticals and agrochemicals industries.

industries. • Laporte, one of Britain's big-gest chemicals companies, has two sites in the area, at War-rington and Widnes, which together employ about 1,000 people. The Warrington site houses Britain's only large fac-tory to make hydrogen peror-ide, which is seeing growing use as a hleaching agent in areas such as paper and tex-tiles production. Hydrogen per-oxide, which Laporte makes in oxide, which Laporte makes in a joint venture with Solvay, a big Belgium chemicals company, is seen as a more prefera-ble bleaching agent to conven-tional chlorina compounds

ringtan-based Crosfield Chemi-tates some of the changes damaging environmentally. over the past 150 years. The company was set up in German drogs and agrochemi-Warrington in 1815 as a soap-maker, one of many estab-in recent years on a new plant lished in this period in the for cropprotection compounds Merscysile right, Behind this as further evidence of a swing broad trend are some plan. towards higher value. broad trend are some plain towards highar-value,

research-based materials. Gordon Rintoul, director of a Gordon Rintoul, director of a chemicals industry museum called Catalyst which has recently opened in Widnes, is perhaps one of the best placed people to judge what is hap-pening to the chemicals busi-ness in the region. He notes that the companies in the area are showing an increasing willmat the companies in the area are showing an increasing will-ingness to come to grips with the problems of coping with environmental problems related to emissions of unpleas-ant or toxic materials and are "generally optimistic" about the fature.

"There was a shake out in the industry in the early 1980s as a result of the recession and there seems to be a feeling that after the relative boom of the past few years things could start slowing down again. But materials. These substances, most companies seem to think based on sodium silicate, are they are better equipped now used in a variety of applica-tions including catalysis, chro-demand, says Mr Rintoul.

Peter Marsh

Merseyside's bold new business profile is seen at its best in progressive developments like Wavertree Technology Park. This is a dramatically successful site housing forty companies at present, with yet more clamouring to occupy a new extension.

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MERSEYSIDE 4

ST HELENS

Small encouragement

IN SPITE of its Merseyside postal address, St Helens retains many of its deep Lan-castrian roots. This is particularly true of its economy where the dependence on a handful of large employers is shared with many other Lancashire towns. Glass rather than textiles is the dominant industry, but the effect is the same: a workforce lacking the broad range of skills to entice new, modern industries.

in the past decade more than 20,000 jobs have been lost in an area with a workforce of around 60,000. It says much for the borough's resilience that unemployment has been cut to just over 10 per cent.

The tortuous recovery has which has rejected confronta-tional politics for a pragmatic approach, particularly towards the private sector.

A crucial strategy has been to encourage self-employment and hence diversify the economic base. The glass industry with Pilkington and United Glass still employs around 20 per cent of the workforce, but the growth of small business is strong

Trust, the country's first enter-prise trust, has also been instrumental in creating a climate in which more than 800 new companies have started in the past decade.

Mr Ron Halford, director, says there has been a discernible change in the nature of inquiries received. "We used to deal mostly with the unemployed, but we are now finding more people who have jobs and

Why indeed?

Maybe it's

because we are the

only major law firm

with offices in London,

At present, further growth is being hindered by a shortage of industrial space. St Helens has more derelict land than any other Merseyside borough, but in spite of spending

£750,000 a year on reclamation, is unable to meet demand. In tents, were called in to untangle the mess and persuaded both sides to consider a parteach of the past three years 1m square feet of industrial space

The tortuous recovery has been led by a

Labour council with a pragmatic approach, particularly towards the private sector

has been let.

private sector.

At the former Bold Colliery a thership between the coun-St Helens Trust, the Chamber of Commerce and British Coal Enterprise has created 45 new industrial units. All have

avert what was seen as unned

who want to set up on their the council refused. An impasse was reached. The developers knew that any appeals stood a good chance of success, but it was clear that the town could not support both developments. Casco, urban renewal consul-

> nership with a much wider brief than the disputed site. The initiative was strongly supported by the Merseyside Task Force and in March last year Ravenhead was officially

launched. Mr Andrew Russell, of Casco, became chief execu-tive and Professor Graham Ashworth was appointed chairman.

The three founding partners were quickly joined by Milver-ney Properties, Ibstock and United Glass, and later by Metestates, part of MEPC, the owner of the town's major

hopping centres. The main effort is concentrated on the southern edge of the town and already around been taken. In 1967 St Helens was being considered as a site for one of £100m of development is com-mitted or underway. Pilkington have completed a £7.5m food superstore and is developthe third generation urban development corporations. To ing the town's first four star hotel. Two business parks are planned and the town centre is essary central government intervention the council began to be refurbishe

to explore its own regeneration Many of the schemes are initiative. The platform was to be Ravenhead Renaissance, a awaiting city grants and the initial leverage of public/private sector finance is expected to be around 1:8.

Maybe it's because

we pride ourselves on

partnership which grew out of a town centre planning dispute between the council and the Initial progress has been sufficiently impressive to gain the Both Pilkington and British Gas had put forward plans for town centre retail parks which attention of central govern-ment. Mr Andrew Russell, a former member of Michael

to pump prime a wider regen-eration. He cities Pilkington's decision to build its new £70m manufacturing plant within the Borough.

persuade the Government to meet long-standing pressure for a new link road to the M62. The road is a fundamental requirement of the borough's long-term economic health. As Mr Russell points out people pass St Helens all the time, but few can be bothered turning off the motorway to find it.

The new link will also serve to release a number of greenfield aites for industrial development and allow the poorly designed town centre to be opened up.

The success of Ravenhead has been cariously underplayed in a borough which apart from an excellent Rugby League team has little to interest the media.

because of Ravenhead, but I think if they had believed the town was not doing shything to help itself then they would have gone elsewhere." Perhaps the important result This lack of a cohesive image does have serious draw-backs. St Helens has an exceptionally rich industrial heritage and could, and indeed

6 2 2

of the initiative has been to

does, dispute Manchester's claim to the first railway and the first canal. Stevenson's Rocket was first tested within the borough. While nearby towns such as

Wigan have capitalised on a s illustrious heritage, St Helens appears to have missed the tourism bandwagon, though a new strategy is now in place.

Mr Graham White, the courtcil's economic development officer, says the strategy is not based solely around industrial heritage, but is designed for a

"Wa do regard tourism as important and we have seen a lot happening recently, partic-ularly in hotel development. Our main aim is simply to demonstrate that the town is worth visiting," he said.

Martin Regan

A recent study of land and A recent study of tend and property requirements within the north of the borough also highlighted the need for a new business park to serve Formby and Southport. Despite its rather gentle image, the area has a strong local business community. Southport is the base for Michael Keen's miniconglomerate, Corton Beach.

Mason Owen, property con-sultants, reported that such a park, in addition to meeting local needs could also attract relocations from the rest of the UK. Poor communications to the main regional motorway network are the main hurdle to any substantial development, though a new Ormskirk bypass is planned.

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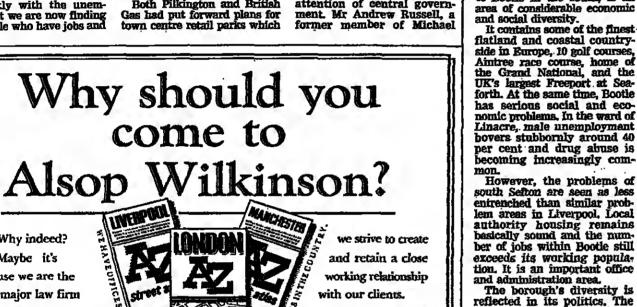
Tourism is likely to play an increasingly central role in the council's search for economic growth. Wildlife and fauna in the borough attracts national interest and large parts of the 23-mile coastline between the

One of the tasks facing the council is to extend the enterprise culture

Mersey and the Ribble are to be opened up to ramhlers. Southport is the fulcrum of the tourism strategy. After a long and often painful decline, the resort is beginning to attract visitors again. Its main shopping facilities, especially along the Lord Street Prome-

"We are not aiming to be another Blackpool, the kiss-me-quick hat is not our style. Southport has its own identity and we need to build on it, said Mr Kuit.

The lack of a Sefton identity



10 F 19 Miller Arms

New Saleway superators in St Helens

Ieseltine's Urban Development Grant Appraisal Unit, says ministers are becoming increasingly curious about the St Helens experiment

WHEN the

ing the desire to withdraw from Merseyside. Fifteen years after hirth, Sefton's legitimacy

Sefton, a narrow coastal strip extending from the sea-aide resort of Southport in the

north, through the stockbrok-ing belts of Formby and Crosby

to Bootle in the south, is an

council is hung, with Labour,

the Conservatives and Demo-

is still under fierce attack.

He also argues that the exis-tence of Ravenhead has served

"I can't say that Pilkington chose to build here simply

SEFTON

In search of an identity

crais all vying for control. Its three Westminster seats are Bonndary Commission announced it was to take a new look at some of the boundaries established in 1974 a substantial minority of equally divided. In many cases such a political structure could prove prob-lematic, but in Sefton's case it Sefton's population put pen to paper. Around 10,000 letters from the borough flooded into the Commission, most indicatappears to work well. The council maintains two town

halls at Southport and Bootle and has managed to adopt an interventionist approach to economic and social strategy while remaining one of the

lowest rated boroughs in the north. The approach to economic development has undergone rapid change, following a study by consultant Roger Tyms which suggested that a more central structure was required

It contains some of the finest flatland and coastal countryside

In Europe

to handle the complex needs of

the borough. Setton benefits from eligibil-fty for a wide range of grants. South Setton has development area status and is part of the Inner Area Programme which enables authorities to draw up a three-year rolling investme programme. Schemes totalling £1.5m a year are now being undertaken under the IAP initlative. A small part of the docks is within the area cov-ered by the Merseyside Devel-opment Corporation.

One of the key tasks facing the council, according to Peter

Kuit, the council's special pro-jects officer, is to extend the enterprise culture which exists in the north of the borough into the south.

There is a strong spirit of enterprise in Southport where the numbers of self-employed are well above the national average, but in Bootle this is not the case. What we have is a north-south divide in reverse," Mr Kuit said.

One of the council's main economic planks is the cre-ation of the Secton Business Park, involving the reclama-tion of the former Braby site at Aintree. the idea is to create a quality business park across 100 acres.

The 600-acre Freeport has not yet had the economic impact that was originally predicted, bnt its potential remains enormous and post-1992 it is expected to enjoy rapid growth. The Freeport has already attracted trade from

more than 300 companies. The Bootle Maritime Zone is another important area of economic activity. Lying near the Freeport, the zone is home for around 300 firms, including Kelloggs. It has suffered badly from poor environment and vandalism and the council has called in outside consultants to examine possible improvements.

The most intriguing strand of economic policy is the attempt to recapture Bootle's position as a anb-regional office centre.

The Stanley Precinct office quarter, one of the first pur-The early potential, which pose-designed office concentra-

15/ and the second ditte J>

Lasting elegance: Waylarers attraction is its upmarket Arcade in Southport .

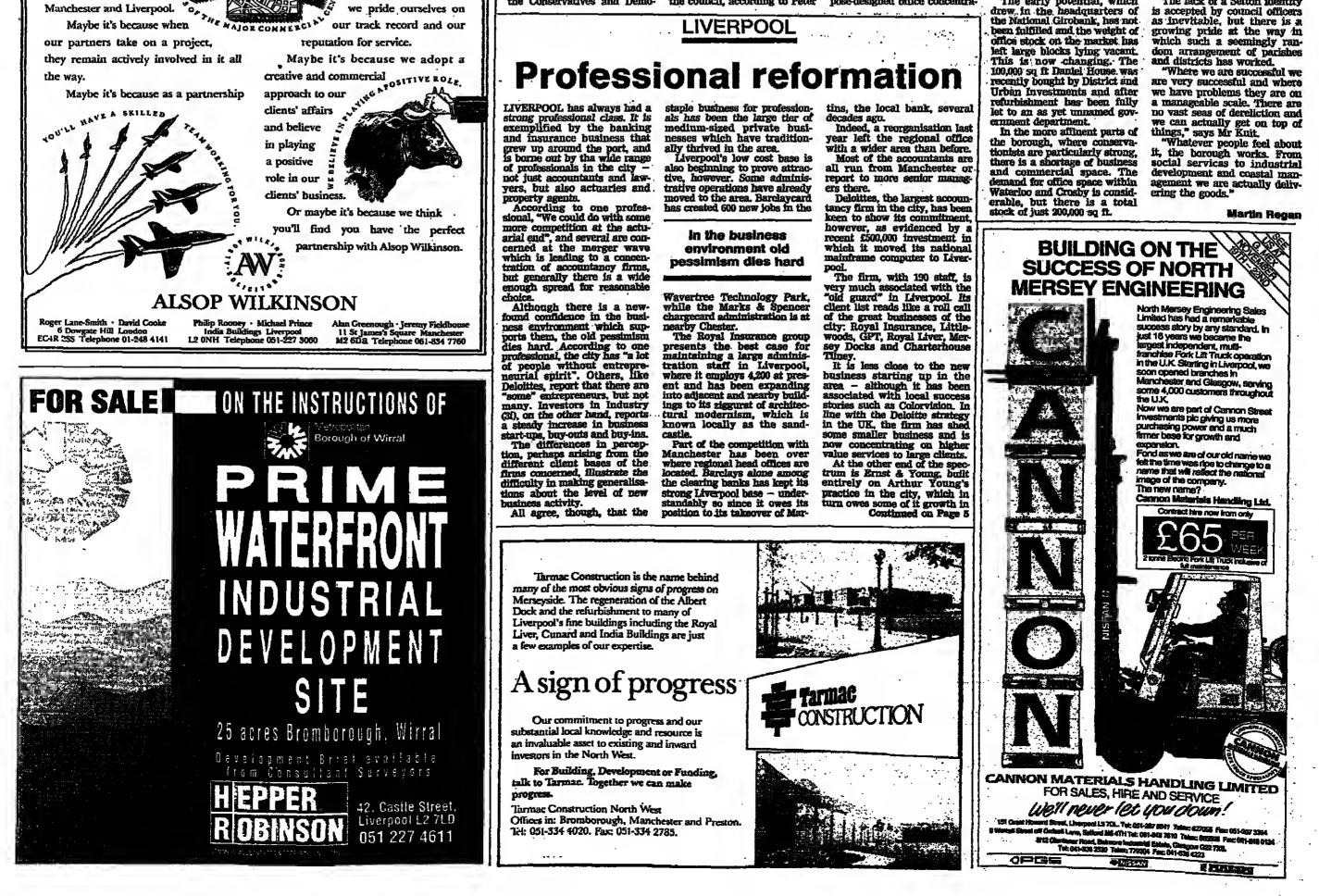
tions in the country, has been nade. at the heart of the area's attraction to the civil service and is now the base for the Inland Revenue, the Health and Safety Executive and the Department of Health.

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Sale of the state of







TRADITIONALLY, Wirral's economy has been based around its docks and like Liverpool the borough has suffered badly from the decline of

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the shipyards. Faced with rising unemploy-ment the response has tended to be one of crisis management, pushing aid to those areas in immediate need and ignoring the king-term require-ments of a peninsula which has a character quite different from its neighbours across the Mersey.

Mersey. Despite an unemployment rate of around 12 per cent, much of Wirral, particularly in the south-west, is extremely prosperous. The borough, the boundaries of which stop just short of Ellesmere Pott, con-tains a highly skilled work-force - 35 per cent of houseforce - 35 per cent of households ars managerial or professionals.

The economic problems are based within a small number of wards around the main pop-ulation centres of Birkenhead and Brombrough, the areas with the closest economic ties to Liverpool. Birkenhead, Bidston, Tran-

mere, Seacombe and Leasowe all have unemployment rates of between 18 to 25 per cent: and together account for 40 per cent of total memployment in the borough.

Emerging with a coherent economic development strat-egy for such a diverse area remains one of the key prob-lems facing Mr Jim Wilkie, the council's new director of planning and new development. The whole issue of what Wir-

ral needs and how it should best go about meeting those needs is now under review. says Mr. Wilkie, and a broader, more outward looking strategy is the likely outcome. .

the last 20 years to specialising

in liquidations. 3i is also close to new busi-

ness. "We see the new wealth creation," says Mr Robert

Toomey, the director. He says that buy-onts are ensuring that

development capital is now

going into first generation managements, rather than to the sons, and grandsons of

founding fathers. In line with contemporarles

in other commercial centres,

Liverpool's professionals have

developed a wider range of ser-

vices. This has been prompted

in part by growing business

confidence

Continued from Page 4



WIRRAL

tant economic force

pey-led consortium.

ter as well."

ing shipping, pensions, prop-

Hamilton Square and Town Hall, Birkenhead

Although there is consider-able mease about the negative effects of being economically tied to Liverpool, the options are limited.

• • • • • • • • • • • •

Closer ties to Chester and North Wales remain a possibility, but Liverpool is central to any future growth.

any future growth. Mr Wilkis believes the "Liverpool effect" is often over-estimated: "Of course, there are disadvantages in being in Merseyside, but there are also great advantages, par-ticularly in terms of develop-ment aid.

"The problem is that preju-dices against Merseyside run much deeper than most people imagine."

He would like to see a more concerted effort from the five Merseyside boroughs to market the county, arguing that the loss of direction since the abolition of the county council has

partner of Deloittes; recalls that "up until three years ago,

people were operating on a sur-vival basis. Since then they have been looking further ahead and taking a strategic view." The result has been

greater investment in systems,

consultants in the area.

and a consequent demand for

In an attempt to present the same range of services, legal firms in the area have been involved in a process of consol-

idation for a number of years. The largest of them, Alsop Wilkinson, is now part of a substantial national practice,

having organised a merger in

Professional reformation

The easy availability of damaged inward investment grant aid has proved attractive to private sector developers and new developments along prospects. Wirral's economic base is balanced between the service sector, manufacturing and disthe docks are bringing in new tribution. Premier Brands, the food and beverage producer, is

MERSEYSIDE 5

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social problems associated with Merseyside. Local author-

the set of the set of

problem areas around Birken-head there is no widespread

Future house building is likely to be confined within

built-up areas. The council's

policy of maintaining excep-tionally flexible green belt is

some areas prices are already

are superb and there is scope

for tourism. The elegant seaside resort of New Brighton, at the tip of the peninsula, has considerable

lished.

as high as in the south-east. The concentration of employ-

urban dereliction.

The Land Registry, which set up its regional headquar-ters in Wirral two years ago, the largest employer with some 2,600 staff. Other big employers include VSEL. Unilever, Champion sparking plug and McTay Engi-neering. Across the boundary, has in which two years ago, has announced expansion plans which will create a fur-ther 400 jobs, while the Ameri-can Colloid Company has mas-sively increased its presence in though still on the peninsula, Vauxhall Motors are an impor-

Wallasy. The confidence has spread to Shearwater the retail sector. Shearwater The worst hit parts of the Dockland have been brought within the remit of the Mersey-**Property's giant Cheshire Oaks** scheme at Ellesmere Port, which will create almost side Development Corporation 500.000 square foot of shopping and a number of important ini-tiatives are nder way. The space, is not seen as a threat to the retail regeneration of Bir-kenhead. Chester is seen as the most ambitious is the recently announced £100m redevelop-ment of the Morpeth-Wallasey likely loser. docks being planned by a Wim-

Despite the unemployment problems, Wirral has fewer

The result is the level of skills to put together transac-tions locally.

This has certainly had a competitive impact with Weightmans and Rutherfords, "We felt that if we wanted to provide a regional service, we stood more chance if we were two other old-established in both centres," says Mr Derek Morriss. "The accoun-Liverpool legal practices, merg-ing last year and a third, Laces, forming a regional practants regionalised more in

Manchester. We realised that if we wanted to be a regional tice with Mawer in Manches-Much depends on the ability firm, we had to be in Manchesof professional firms to attract professional staff to the area. Having made its decision, and opted to specialise in com-All report success in competing in the national labour mar-ket, although most admit that mercial law 20 years ago, Alsops is now benefiting from its reputation as the city's leadit is easier to recruit graduates who already have family ties in ing commercial law firm. Its 14 the area, or who discovered its Liverpool partners lend a joys through university there range of skills to specialise in a number of disciplines, includor nearby.

Richard Waters

Too much faith, too little industry

which has been described as anything from "unacceptable"

junior ministers sent regularly

to check progress. The Cantril Farm Estate, a

the housebuilder. Other prob-

lem estates are being slowly transformed through the

encouragement of the commu-

in spite of the gloom

there ere signs that

the economy can grow

nity-based programmes and by the Housing Corporation. In spite of the general gloom

there are, if one looks closely enough, signs that the Knows-

ley economy is capable of growth Ford's Halewood plant,

once regarded as an example of the Merseysids sickness, is now cited as a model of the

county's economic turnaround.

Ford UK has announced

plans to invest more than \$300m in the plant, increasing the annual vehicle production

to 35,000. The plant will also

benefit from the proposed M57 motorway extension which will

There are also signs that the

council is ready to restructure

its entire economic strategy,

principally to market the con-cept of a "M57 corridor". The motorway forms the geographical backbone of the borough and is seen as crucial

to economic growth. The

Knowsley Industrial Park, a

1.300-acre estate close to junc-

tion 4 has yet to prove the via-

hility of the concept. In the

past the park has been bedevil-led by poor infrastructure and vandalism.

The former Merseyside County Council invested heavily in new roads and the

council has continued with

environmental and security improvements. Since 1963 more

than £1m of grant aid has been

provided, levering a similar

link the M62 with the M58.

likely to push up the price of the average three-bed semi LAST YEAR a survey by urban consultants, CES Limited, of from its present £45,000. In the living standards in 459 local authority districts. placed Knowsley at the bottom. Few were surprised, the social and economic problems of Merseyment black spots means that any development strategy needs to be job creating. The side's smallest borough are painfully obvious and appear to defy any solution. The borough, nine miles east quality of environment on the peninsula is seen as a major selling point. Communications

of Liverpool, covers an area of just 36 square miles. Its main population centres are a curious mix of Liverpool suburbs and overspill estetes, from Kirkby in the north to Huyton and Halewood in the south.

potential but suffers from a The weakness of the social structure where more than 62 per cent of the population is eligible for family credit and 40,000 residents receive housproximity to urban centres. There are plenty of visitors, but most simply come to walk the dog and spending per visi-tor is low. New Brighton is within the MDC's area and while the cor-poration envisages a small-scale improvement in facilities ing benefit is perpetuated by an economic structure domi-nated by manufacturing indus-try, much of it still undergoing

to test visitor demand the extensive modernisation. council would like a total rede-Knowsley contains around 30 velopment of the promenade. It would also like to see the ferry service to Liverpool re-estabper cent of Merseyside's mann-

facturing industry and 40 per cent of its workforce is employed in the sector. There is a solid base of large employers. Delco Electronics, Rentokil, Lucas Aerospace, A new policy of marketing Wirral internationally has already started. The Wirral International Tennis Tourna-Ford UK and BICC are all either based in or represented ment, a pre-Wimbledon eve which this year drew Boris Becker and John McEnroe, was in the borough. However, a service sector has never managed to become established. Indeed, shown coast-to-coast on American cable television. The council is keen to intro-duce similar events across difthe number of vacant comme cial properties almost trebled between 1983 and 1988.

ferent sports. "What we have to do is develop a far more targeted approach. Obviously we can't compete with Welling-This reliance on large employers was cruelly emphasised earlier this year when Birds Eye closed its Kirkby fac-tory with the loss of 1,000 jobs. ton and Runcorn so we need to think about what it is that Wir-In an area with large pockets of unemployment still as high as 35 per cent the closure was

ral has to offer and their answer has to be quality of life," said Mr Wilkie. a blow. To rub salt into the An international tennis tourwound the accusations of poor labour relations and low pronament may seem a faintly ductivity served only to deter potential investors. In Knows-ley it never rains, it pours. naive aid to economic regener ation, but the main brake on Wirral's growth remains its

Martin Regan

image rather than its economic Since 1983 the borough bas enjoyed urban programme sta-ins – one of the first suburbs in Europe to be classed as an "inner city" – and a Labour-controlled council has been Anything which can show that parts of Merseyside offer a lifestyle of considerable quality is hugely beneficial. In Wirral's case a tennis tournament is as willing to work with anybody to bring in investment. valuable an economic aid as a showpiece industrial estate. A big effort has been to try

amount from private sector finance. A £300,000 security and improve housing stock

package and a pioneering Industry Watch scheme has also been tried. "shocking" hy various

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The result has been a 30 per cent reduction in vacant floor space in five years, a stabilis-ing of employment levels and a 70 per cent fall in vandalism.

prime example of poor munici-pel planning, was sold to the Stockbridge Village Trust which was backed by Barclays, Abbey National and Barratt, There have also been a num-ber of new arrivals. Middlegate Shipping and Forwarding moved on to an ll-acre site on the park as part of a £1m expansion programme while News International has taken a 30-acre slice of land for its new

colour printing plant. This new plant is the largest single development in the borough since its creation; service sites around the area are being prepared for possible use by News International suppliers.

At the bottom of the corridor, where the M57 meets the M62, the Whiston Enterprise Park is taking shape on a reclaimed 31-acre site and 260 jobs have so far been created, mainly at BICC's fibre optics plant. A new 65-bed hotel is also being built on the site. At Prescot, to the east of the

corridor, Shearwater in part-nership with the council is building a new shopping centre on a five-acre derelict site. The scheme, supported by £3m urban development grant, will compete directly with retail facilities in St Helens. Moorfields Shopping Centre

in Kirkby is now complete. The centre, on the Tower Hill estate, is the first retail development since 1974.

Other retail initiatives through the urban programme include the upgrading of privately-owned parades, in partnership with the owners and the Kirkby Town Centre Improvement Area, designed to improve the area and pull in private sector investment.

The council remains doggedly determined to avoid being overwhelmed by its undoubted problems and eggs are firmly in the M57 corridor basket. The borough's motto, "By Faith and Industry" seems curiously apt, though for the present there is too much of the former and not enough of the latter.

Martin Regan



structure.

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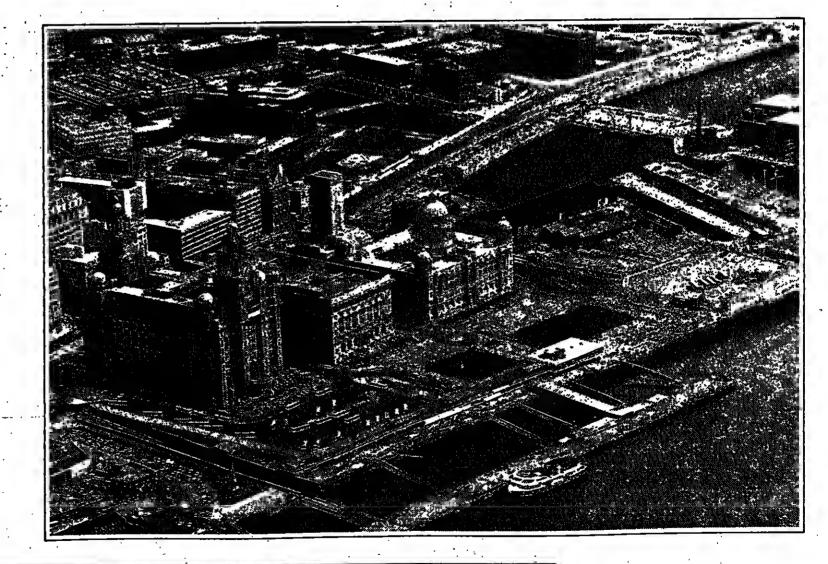
Why Locate in Liverpool? The answer is easy - Liverpool's economy is on the up and up. Local businesses are confident and the level of inward investment is high.

lob opportunities are on the increase. Liverpool boasts an impressive pool of skilled labour and the City Council can provide training packages tailored to business needs. The City's Industrial relations record stands comparison with anywhere in the country.

The City has an excellent communications network. Its road, motorway, shipping and air routes and its wealth of office space just walting to be tapped make Liverpool a prime business location. Liverpool also has a core of modern, large scale industry offering potential for the future while the Wavertree Technology Park is leading the way in the field of high technology. A booming financial services sector is benefitting from high costs in London and the South East.

Liverpool is a great place to live and work. Merseyside heads the North West tourism table and the arts and cultural activities are a vital part of the local economy.

The secret of the City's success lies in a partnership between the public and private sector. If you want to add another chapter to the success story contact: Alan Chape, Assistant Chief Executive on 051-225 2696. For enquiries on property and site development opportunities contact Tom Miller of City Estates on 051-225 3640.





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MERSEYSIDE 6

Ian Hamilton Fazey assesses the future of Liverpool Airport

Mr Preece's remarkable flight of fancy

A REMARKABLE hypothesis has emerged about the possibil-ities for Liverpool Airport. It has been developed by Mr Chris Preece, whose creden-tials are such that it has to be taken seriously. One senior civil servant says

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if it proves true, Liverpool could become one of the world's airport giants, han-dling between 40m and 50m sengers a year during the

next century. Mr Keva Coombes, leader of Liverpool City Council, says there would be at least 5,000 direct jobs in the short term. The multiplier effect of that would create at least 15,000 others and would include a drift back of the freight forwarding industry to Mersey-

Mr Keith Robinson, director of the chamber of commerce, says this would reverse the present shift towards Manchester Airport in the north and to Slough in the south (for proximity to Heathrow).

The Preece Hypothesis is that there is a unique window of opportunity for Liverpool becaose of the continuing growth of civil aviation.

He says there is a lack of clear airports policy in Britain and this is creating market pressure because of the growing strength of competition from European mainland airports.

Meanwhile, airlines are becoming vertically integrated by offering to do all the flying jobs - long-haul, short-haul, commuter and feeder operations - and they want airports in key locations which can function as freeports, entrepots and bubs for smaller airports to feed into and revolve around.

Mr Preece says: "One of the western European countries may see a position to offer itself as an entrepot between east and west, particularly as trade grows between a fragmeoting Soviet bloc and the

"At the same time, Government concern remains about the economic revival of Merseyside and there is a desire among the region's politicians to find a solotion and look for private sector involvement. Developing the airport requires all these forces to come together and react."

Chris Preece: opens a window of opportunity for Liverpool

greenfield site airport with almost unlimited room for diverted from Manchester Air-port 30 miles away, as well as on its own account with charexpansion.

He should know. Mr Preece wanted to be a pilot, failed the eyesight test and went into management with British Air-ways (BA). He ran the office in Its microclimate is outstanding; it is sheltered by the Pennines to the east and the Weish hille of Clwyd to the sonth-west, while coastal breezes mean it is rarely beset Washington DC for many years, negotiating routes with the US authorities and honing by fog. It has failed in its attempts his considerable diplomatic

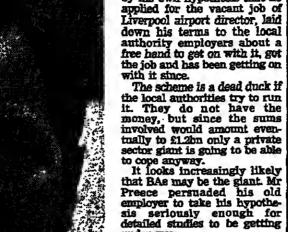
to become a big-league airport in the past because of decades and persuasive skills. When he returned to Britain, of squabbling over funding it was to mastermind BA's switch at Heathrow from Teramong local councils and Manminal 3 to the new Terminal 4. He went from there to market chester's more single-minded drive for growth and market development director of British Aerospace (BAe).

Indeed, without British Midland and its Manx Airways subsidiary, Liverpool airport Here, he turned to a study of airports, policy and prospects, with BAe looking seriously for would probably be dead by now. It has lost money for years, used to be badly over-manned, and is only just struggling into the black.

ter traffic.

share.

Ironically, Merseyside's eco-nomic failure and political troubles have helped create the OF PI esis. For example, the airport is surrounded by undeveloped land over which the militant council of 1963-67 dragged its feet because it was in a hated enterprise zone.



under way. Nothing is certain - and the scale of investment and risk may be such that BAe does not go ahead - but the councils seem willing to relinquish control and to take minority shares in exchange for BAc's leadership of a private sector push for growth. Crucially, the city of Liver-pool owns the land and has the

tion, which are skewed towards the north-west.

Mr Preece was so convinced by his own hypothesis that he

planning powers to fecilitate any scheme. The Government also seems to be looking on favourably, through the eyes of its Merseyside Task Force.

Mr David Bradley, task force director, says. "The great generator of employment, we believe, is going to be at the sirport

There is a huge opportunity to create a hub and spoke cen-tre to compete with major European airports. BAe would pay for Liverpool's second run-way. Total costs of the entire redevelopment would run to about £1.3hn.

"If world aviation markets keep growing, we could have 40m to 50m passengers a year using Liverpool alone." Mr Keva Coombes, leader of

Liverpool city council, says While experts still predict that the air traffic boom will continue, Liverpool has the best potential of all airports in Britain.

a way into the high val-ue-added sector of sirport man-agement and development. "There is no realistic chance of expansion of the airport without private sector invest-He led a detailed study of ment. We are still awaiting a British prospects. He says Mandefinite offer from BAe but we chester will reach 24m passengers a year in the next decade will do all we can do to help come in. I would have thought seams, because it will not be able to build a second runway it was a good investment." BAe confirmed its interest for environmental reasons. His work for BAe narrowed the "greenfield" contenders and seriousness of intent ear-lier this month, after mounting with no associated environspeculation in the local media. mental constraints to two sites, In the past, such reports have usually been pie in the sky: this time it looks as if some-Humberside and Merseyside. The former was ruled unsuitable because it is too far from thing more substantial could the north's centres of populabe in the air.

the Liver Building, fly away the city will die. For most of the 1980s a big "To Let" sign was slapped on the front of the Liver Building.

a poignant symbol of the city'e decline. The sign has since dis-appeared and the statues are still tethered firmly to the top. The Liver Building is a leg-acy of the merchant wealth which brought prosperity to Merseyside in the 1800s. Along the waterfront stands the legacy of a different era. In years to come the Albert Dock development will - or so Merseyside hopes - be seen as a monument to the economic revival.

of today. Most of Albert Dock is indistinguishable from the other developments that have spring up in inner urban areas during the 1980s. The renovated warehouses with their sand-blasted brick facades and souvenir shops could as easily be found in London, Glasgow or Man-chester, as in Liverpool. But Albert Dock also has the

Tate Gallery Liverpool, which opened 18 months ago as the

that the arts organisations in the region generated turnover of almost 225m and attracted at least 234m additional expenditure. The local arts organisations then employed more than 5,000 people and provided indi-rect employment for a further 8,000. Today, according to Mer-seyside Arts, the arts provides as many jobs as the car industry and more than the docks. Liverpool has long been in the forefront of contemporary

Tate Gallery Liverpool: invigilators not only protect the works of art but also talk to visitors about them

art. Today, the city sports four galleries - including the Walker and the Bluecoat. together with a string of community arts schemes such as the Hope Street Project. But the Liverpool Tate is the

boldest project of all, it took four years of building, a budget of \$7.5m and an ambitious design by James Stirling to turn the old warehouses on the west side of Albert Dock into a. new museum.

The nuiseum is the legacy of the determination of Alan Bowness, the former director of the London Tate, to make the maseum's modern art col-

The Liverpool Tate does not have a budget to buy its own works of art. Its role is to show selections of the paintings and sculpture - mostly executed after 1880 - from the London museum's collection. There is lots to choose from.

exhibition policy as a "sand-wich". He sees the collection, which stays at the museum for wholemeal bread" and the shorter exhibitions as "the fill-

ing" in the sandwich. The first collection is of Modern British Sculpture starting with Jacob Epstein and Eric GIII who worked in the early

1900s and ending with the avant-garde sculptors, Tony Cragg and David Mach. The highlight is the summer show which concentrates on local themes. This year's show was one of contemporary art from Cologne, which is Liver-pool's twin city in West Ger-many. The next summer show, The New North, will showcase artists living and working in

the North. Mr Francis is keen to use the northern Tate as a way of breaking free from the con-straints imposed on the London museum as an old established arts institution. He plans to run photography shows, while the London Tate tends to concentrate on fine

art The opening of the new museum also offered an oppornew ways of presenting its col-lections to the public. The director of the London museum, Micholas Serota, is now planning a comprehensive re-hanging of its collection to - who ensure it is more attractive and accessible. At the Liverpool museum,

Alice Rawsthorn looks at the Tate Gallery Liverpool Symbol of arts renaissance professional art thieves Instead the new Tate has hired "invigilators" who, not only protect the works but also talk to visitors about them. The idea is that members of

the public can approach the invigilators to ask questions about the work or to find out more about the artists. Before the opening, the museum advertised for invigi-lators. It received 900 applica-

tions and interviewed 90 people for 20 jobs. Each person inter-viewed was sent a postcard of a work in the Tate collection accompanied by an art historical text about it. They were asked to talk about the work "in plain English".

The invigilators vary from recent graduates, to a former bus inspector. Mr Francis says the public's response has ranged from people rushing up with dozens of questions, to others who are "much too middle class to approach anyone in an art gallery". There are now 31 invigilators

among the mnseum's 57 employees. The Liverpool Tate costs £1m a year to run. Two thirds of the budget comes via the London Tate - from 0 Libraries. It raises the rest The Liverpool Tate now generates £280,000 from sponsor-ship and £120,000 from its share of the income from its coffee and book shops, from entrance charges and letting the galleries for external

THERE is a legend in Liverpool that if the Liver Birds, the statues on the top of

MUA TTAG The answer lies in a coinci-

dence of location and past fail-ure. The airport is at Speke on the northern bank of a huge U-bend in the Mersey that provides flight paths over water in both directions.

Its existing runway is of full international length and can take fully laden jumbos, as it proves when they have to be

It also has room for a parallel runway to be built on land reclaimed from the tidal river. It is, Mr Preece says, an almost total rarity in Britain - a

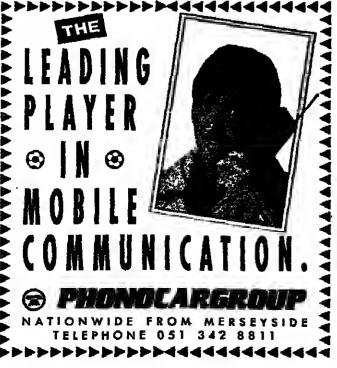
Tate Gallery in London. The Liverpool Tate is more than just a northern home for the neglected part of a London art collection, it is seen as a symbol of the renaissance of the arts in Merseyside.

There has always been a vibrant arts scene on Merseyside. A study conducted by Granada TV in 1986 estimated

Richard Francis returned to Merseyside, where he had once worked at the Walker Gallery, from the London Tate to become curator describes the Liverpool Tate's

Alan Pike assesses community relations in Liverpool





LIVERPOOL is prood of its reputation for effortless friendquestion of Liverpool's reputa-tion for friendliness.

most other British cities, the inquiry found that they had

generally not achieved "even the limited advances in jobs,

housing and equal treatment" gained by ethnic minority com-

munities elsewhere.

iness and tolerance – quali-ties which have undoubtedly helped the city to survive diffi-cult years of unemployment and economic upheaval. "We have taken account of the fact that Liverpool people are indeed warm, open and friendly, in a way which is quite unusual in Britain. Peo-ple will chat to visitors very Because Liverpool people pride themselves on being par-ticularly friendly and tolerant, readily. But there is a kind of blind spot on the question of racial prejudice. It is as if black it has made it all the more ratial prejunce, it is as it totals people and their problems were invisible. People prefer not to think about them. When the facts about racial discrimina-tion are raised, people become defensive and resentful." difficult for the city to come to terms with evidence that in one sensitive area - race relations - it may be an excep-

To make matters worse, the Gifford investigation coincided with another by the Commis-sion for Racial Equality. This found that Liverpool City Council's housing department had discriminated in the way it nominated to housing association property ethnic minority families awaiting rehousing. The commission has served a formal non-discrimination notice on the council.

Liverpool City Council has reacted swiftly. Elected mem-bers are vetting housing applications. A working party of senior councillors is preparing responses to the findings, and these will be presented to a special council meeting.

The Gifford team examined In the first report on its race relations in Liverpool 8 investigations published in the inner city area where most July the team - chaired by black families live and the Lord Gifford QC, a radical bar-rister - addressed head-on the scene of the 1981 Toxteth riots. Its criticisms of the failure of

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institutions in Liverpool were not confined to the council. Employers, trade unions, the churches and other organisations were all urged to give racial equality a higher prior-ity. Merseyside Police - which under Sir Kenneth Oxford, its

cing of Toxteth.

recently-retired chief consta-ble, refused to have anything to do with the inquiry - came scheme, another nine months long full-time course aimed at 20-30-year-old black people in in for considerable criticism, with the inquiry team calling on the Home Office to conduct an official inquiry into the poliurban priority areas will begin in January. Mr Nigel Mellor, Liverpool

Differing estimates put the City Council's community lisi-son officer, stresses the imporproportion of black people in Liverpool's population at any-where between 5 and 10 per tance of good training scheme cent. The city council is operat-ing at the higher end of these to compensate for the disad-vantage ouffered by many estimates for the purposes of a black people and enable them positive employment policy to try to ensure it increases the to compete more successfully in the job market. number of black people among its 30,000-strong workforce -the largest in the city. three-year programme - and investing film in it during the

All council vacancies are now advertised - the council first year - which will recruit and train up to 200 black peo-ple annually to work in the council's services. Other schemes are making similar has abandoned a system of giving existing employees priority for vacancies, making it diffi-cult for non-employees to gain contributions oa a smaller access to any except the least attractive jobs. A number of initiatives are

scale - notably a Women's Technology Unit, which gives 30 women a year the chance to gain electronic, computer and similar skills. Around half the in progress to try to improve opportunities for ethnic minor-ities. One of these - a task trainees are black and success - measured in terms of trainforce of 12 leading employers ees going to jobs or further education at the end of the who have undertaken to seek ways of securing more jobs for black people - was set up as a course - is high.

ALSO AT: MANCHESTER, BIRMINGHAM FELXSTOWE, READING, SOUTHAMPTON

result of a meeting convened by the Gifford inquiry team earlier this year. In another initiative, Mersey-

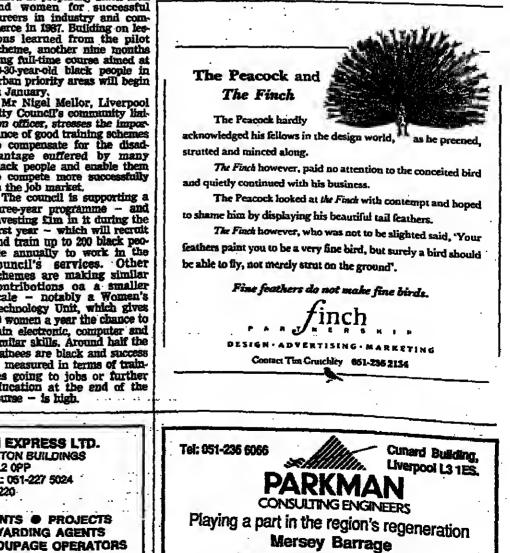
side Chamber of Commerce and Industry ran a pilot project aimed at preparing black men and women for successful careers in industry and com-merce in 1987. Building on les-sons learned from the pilot

the Tate has opted for conven-tional methods of hanging the work. "We are good old-fash-ioned modernists in that respect," says Mr Francis. "We must match the highest curatorial standards. We show the work in the same way as if it were in New York, London or Puris.

But the Tate has redefined the role of the people working in the galleries. Traditionally, museum like the Liverpool Tate would be staffed by guards to "protect" the works from the assaults of everyone from sticky-fingered toddlers to

Mr Francis is eager to raise more money. But, as he is well aware, the future prospects for the Liverpool Tate are tied to those of the Merseyside econ-omy. Meanwhile the rest of the local economy - not least the other arte organisations -hopes that the Tate will attract more visitors and redefine attitudes to the region.

So far there is little cause for complaint. This month the Tate Gallery Liverpool welcomed its millionth visitor eight months earlier than originally expected.



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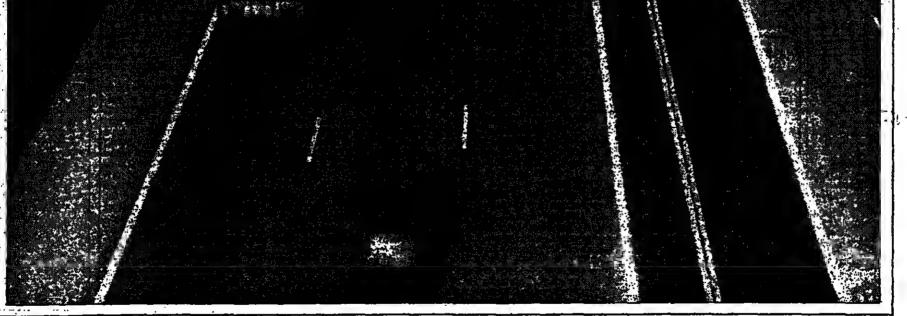
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THANKLAL TIMES THEIRS AN OCTOBER 19 1989 THE FUTURE OF COAL IS JUST DOWN THE MA.

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MERSEYSIDE 8

Stewart Dalby explores the seaside resorts

Area of departed glories

OUR children's nanny, Karen Dewhurst, comes from Merseyside, Wallasey actually. She does not go out much during the week and every weekend she goes home. She puts some of her wages by and with her boyfriend, Peter, she is saving to buy a hous

"Why don't you buy a house in New Brighton," I suggest. This is a faded seaside resort a few minutes drive from Wallasey. "They are going to do it property prices are bound to rise

"Geddaway, they've been saying that for years." she replies, "and nothing ever happens. It really is run down, and besides the beach smells.

Driving around New Brighton recently I could see her point. The area must once have

New Brighton's beach has suffered erosion

been a pleasant family boliday spot. But when the ferry from Liverpool stopped running in the early 1970s it was a final nail in the coffin for a centre, which like so many other seaside towns had seen the old bucket-and-spade holiday types disappear abroad to new destinations in the sun.

New Brighton went into decline and the Merseyside **Development Corporation in its** draft area strategy describes its current plight graphically: "The reason that New Brigh-

ton was included in the MDC's extended designated area is that notwithstanding its general attractiveness as a residential area it has a number of localised problems which are New Brighton. sullying the image of the whole MDC's remit in November 1988

area

area

not enough, the beach has suf-fered serious erosion over the

industrial pong to it.

when its designated area was extended. "Most of these are linked to New Brighton's decline as a In its "Draft New Brighton seaside resort and lack of Area Strategy", the MDC puts investment over the last 20 forward all kinds of proposals for beantifying the marine promenade, for better car parkyears or so. These problems include jaded leisure facilities, ing and traffic flow and for a dowdy exposed promenade, unfit dwellings, inefficient and housing improvements. unattractive car parking, an underused marine lake, Its central idea, however, is to create a town square, pedes-trianised, inevitably, at the bottom of Victoria Road, shortly before it, runs into crumbling and boarded-up properties in Victoria Road, a run-down bathing pool and

Marine Promenade. sporadic ayesores which imprint the hallmarks of a This town centre with its arcades and shops will be faded resort on the whole If this litany of gloom were

It will take years to re-establish the beach

past 20 years, creating a rocky and uninviting spectacle. And, yes, I fancy there is a slight linked to the leisure spots on the front by means of a covered all-year winter garden. At the moment, the leisure area consists of the Floral It comes as no surprise to discover that the district has the demographic profile typical of an area of departed glories. There is a resident population Pavilion, the Palace Theatre and the Granada Bowls. The sites in between these buildof 3,130 in 1,400 houses. Almost 50 per cent of the ings, such as the Victoria park, population are aged 50 and will be offered to developers so over. Just over 20 per cent are 19 and under. There is a low that a concentrated leisure strip can be built.

The MDC has no plans to level of car ownership, but nnemployment at 16 to 20 per cent is not greater than Mer-seyside as a whole. change the marine lake. It does not envisage deepening it to form a yachting marina

After years of unrealistic because of engineering difficulties, capital expenditure ames to kick the area required and competition from hack into life, the MDC does elsewhere, not least West have concrete plans to revive Kirby, nearby.

The area was included in the It does want to encourage increased use so that some dredging and improved access for users will have to be arranged

Nor does the MDC want to spend the £1m necessary to make safe the existing facili-ties at the bathing pool. The MDC considers open air bathing pools have become an anachronism in Britain. It would be expensive and architecturally undesirable to try and build a roof over the pool to the in with the existing

buildings. The MDC would favour a developer taking the existing site of 4.8 acres and the adjoin-ing land of 2.3 acres which at present is an underused "sunken" car park and build an all-weather water theme lei-

sure project. It is prepared to consider proposals for the two sites. These could include: a "sun centre", an hotel with linked conference/exhibition facilities, leisure/sports uses, offices and some residential apartments. As for the beach, the erosion has been arrested by the Wir-ral Borough Council. During has undertaken to bring back a

mid-century heyday as a seeside resort. Times have changed." It wants to concentrate the leisure facilities along one strip

not envisage trying to restore New Brighton to a resort status. In its draft strategy it says:

"The MDC does not believe it is possible or desirable to return New Brighton to its

on the front and develop the town centre for the benefit of residents, traders and visitors.

MERSEYSIDE DEVELOPMENT CORPORATION

It concludes by saying: "New Brighton is not Rhyl, Southport or Blackpool." Southport it certainly is not. Easily accessible from Liver-

and the second second

pool, this seaside town of 90,000 has quietly flourished, while other resorts have died by

turning itself into an all-year, resort for older people. It has developed a useful conference business as well. It stands in relation to Blackpool rather like Easthourne is to Brig on the south coast. Where Blackpool is brash, Southport, with its Victorian covered

would have included a huge inland lake, marina and busishopping arcades and open air cafes and floral gardens is genteel. There are facilities for 6.000 people at the Southport Thea-tre and Floral Hall complex

sary precursor to other forms of investment, as Mr Carter sees it. The city has a bad

image. If people increasingly

it is also a nice place to live

visit Liverpool they will realis

and work.

ness park, seems for the moment to be in abeyance. But the council looks like going ahead with a more modest £150m seafront development and elsewhere for conference

tors.

and exhibitions of the smaller

variety. The town reckons to receive 1m staying visitors a year and around 6m day visi-

Nor is Southport standing

still. A megascheme which

Professor Patrick Minford puts his case

Handicapped by a bad image

PROFESSOR Patrick Minford is Edward Gonner Professor of Applied Economics at the University of Liverpool. He is one of the heads of the Liverpool Research Group in Macreconomics and is known as a lead-ing Thatcherite supply side economist. He is also a critic of the Merseyside Development Corporation. Thus, the MDC baving lor years been ham-strung by criticism and obstruction from the extreme left politicians in City Hall. now finds itself under attack from the extreme right at the

think the MDC's strategy is entirely wrong, only that most of it is misguided. He admits the MDC had a very difficult wicket. The lack of co-operation from the militant politi-cians in City Hall, the collapse and dereliction in parts of the docks area, the bad reputation the trade unions acquired all militated against private investment moving in. He considers it unwise to emphasise tourism and leisure

as the panacea for Liverpool's problems, as he believes the MDC does. He feels tourism is acceptable as far as it goes, but university. acceptable as lar as le goes, our Professor Minford does not it does not go nearly far

enough. Something like 10m people visit Liverpool each year, 7m of them day visitors. They spend millions a year, but the industry employs only around 20,000 people. Even if Merseyside acquires

a better image and this results in the expansion of the leisure industry thus encouraging other service industries and retailing, this does not solve the area's basic problem, according to Professor Minford.

In fact, money is flowing into service industries such as insurance, leisure and data processing, and is bringing pre-dictable problems in its wake. The labour for such work is non-manual for the most part, and nearly as scarce as any-

opportunities in the UK economy's northern reaches. Similar investments announced by Fujitsu in the north-east and Bosch in south Wales make the same points, Merseyside, with its high unemploymant and unex-ploited land, should be attractive, but, says Professor Minford, "it has to be said that

Merseyside is getting nowhere in this high-stake battle for new industrial investment". One reason which many peo ple will quickly cite for this is the unattractiveness of the manual labour in question. Merseyside's workers have developed an unenviable reputation for being heavily union-ised, troublesome, unproducexpension

Final judgment reserved THE JURY is still out on whether the Merseyside Devel-opment Corporation has been a success, and whether even in the ninth year of its supposed life of a decade, it is going about things the right way. Put in its baldest terms the MDC has spent £175m of gov-ernment money (£135m capital costs), bnt generated only

\$43.5m of private sector investment. It has created 2,750 Jobs when overall unemployment in Merseyside stands at 15 per cent or just under 70,000 without work. This year the House of Commons Public Accounts Committee published a damaing criticism of the corporation's work and thinking, although the period covered

enterprise zone with substantial concessions on rates and taxes, development was bound, to be feverish.

Liverpool, by contrast; was a town which as, a trading and commercial centre had been running down since the early years of this century. The lectine was accelerated in the 1970s when Britain joined the European Community and the thrust of trade transferred from the west coast and the Americas to the east coast and Europe. Liverpool proper now has a population of 480,000 compared with 750,000 in the 1960s and is still baemorrhaging people at about 5,000 a year. Tens of thousands of jobs

other forms of pollution and decay, rehabilitation was slow

Interest has picked up. Over

the current year £58m of pri-vate sector money has been committed. Mr Philip Carter,

and it opened in 1988.

Now that other towns in the were lost in manufacturing : month are filling up. with ser-

vice industries, Liverpool was a factor. The smoke clouds would have been visible from the Albert Dock. He claims remains cheap but not too cheap that developers cannot get reasonable rents and that in all the multiplier mod-els the MDC tried there would returns. Tourism will give way not have been as many jobs emanating from the power sta-tion as there will be in the mixed commercial/light industo residential, commercial, and retailing, In fact this is already happening, Mr Carter does not dismiss the prospect of manu-facuring industry, but not on the MDC's turf. There is simply trial project with which the MDC is now going ahead. The development of tourism not the room. and leisure has been a neces

Professor Minford says there is no way 60,000 former dock-ers are about to become waiters, clerks and barmen. Manufacturing industry will have to form the basis of regeneration. The next five years should prove who is right.

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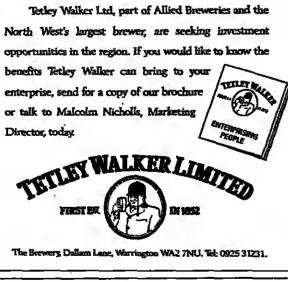
the past five years the council

sandy beach to New Brighton. The initial signs are encouraging, but it will take some years to re-establish the beach.

New Brighton: the area must once have been a pleasant family holiday spot Tentatively, the MDC reckons to spend £12m in the regeneration of the area and it is hoped some £17m will be forthcoming from private develop-ers. It is worth stressing the strategy is only a draft at this

stage so these sums could Behind all this the MDC does





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where else, says to Professor Minford. Accordingly, the unemployment rate for such people is down to around 5 per The result is that investment is using up the land for offices and housing, beginning to Attracting investment Is a very competitive business

drive up prices, and pulling in non-manual workers from outside to supplement the dwind-ling stock. Since it is largely women and school-leavers who

ara gaining employment, wages are lower than for the old heavily unionised manual workers, and families tend to be relatively worse off. The quintessential difficulty, as the research group sees it, is the masses of manual unem-ployed who define the regional inner-city Merseyside problem. A paper in the research group's twice-yearly builetin, "Merseyside Economic Pros-

pect", says: "Indeed apart from this unemployment [manual labour] and a certain amount of typical inner city dereliction, there is essentially no other Merseyside problem, the area is doing well." There is now 25 per cent unemployment among the 250,000 manoal workers. The 62,500 former dockers and other manual workers are not going to be soaked up by the service industry. Yet they do

service industry. Yet they do constitute an important eco-nomic resource which could be the basis of economic regenerathe basis of economic regenera-tion if properly utilised. Most factors influencing inward investment, skilled labour costs, infrastructure, and capital costs are usually competitive in most major locations, because they are priced nationally or interna-tionally. The two determinants which can be decided locally

which can be decided locally are a reservoir of manual labour and an abundance of land for development. In Mer-seyside there is cheap land, rents are low and with the imminent arrival of the Unified Business Rate, together with the revaluation of rateable value over the early 1990s, busi-ness rates will be falling to well below comparable southern ones.

Professor Minford cites the recent Toyota plant in Derbyshirewhich will cost £700m and will employ 3,000. Much addi-tional employment will flow from that, perhaps as much as 4,000. The project illustrates, Professor Minford feels, both that modern industry is highly capital intensive, at more than £200,000 invested per job, and

that there are major profit

Professor Minford admits that Merseyside's record looks none too good, but feels a new climate is prevailing. He also feels the Japanese manufactur ers, who will want to come to Britain and other peripheral and cheap parts of the BC in increasing numbers as the single market of 1992 approaches, have proved adept at negotia-

ting new working practices and single union deals. Even if the unemployed manual workers prove willing to accept a new economic real-

ism and price themselves into work, surely there will not be as many jobs with single oyers as there were?

"No, with technological change there will not be as many single large employers. But remember in industries like motor manufacturing there is considerable spin-off in components companies. There

components companies. There might not be as many new jobs in any one project, but at the moment Merseyside is not get-ting any at all," he says. The Merseyside Development Corporation, of which Profes-sor Minford is so critical and from which he resigned because it turned down a deep-water jetty and power station water jetty and power station which could have produced 1,000 jobs, says within its ball-wick it does not have sites large enough to accommodate large-scale manufacturing units. Its largest site is 50 acres. Professor Minford says this might be true, but he is sure land could be made avail-able if the will were there. This is especially the case along the north docks/port corridor. "The problem is there is no

co-ordinated effort to attract industry and correct Mersey side's bad image. The Liver-pool City Council can't do it, the other four borough councils are pulling against one another, and the development corporation seems interested only in winning architecture awards for its leisure projects or building hotels," he says. He adds that attracting investment is a very competi-tive business. Merseyside has watched while the Welsh Development Agency, the new towns and places such as Scuntion was given a large site thorpe have scooped up foot-loose companies, and expand-ing ones. Admittedly, Merseyside does not have the range of grants and other inconting which some above incentives which some areas have used. Still, it could have

tried harder on promotion. "Eventually it will all come right because at this rate Merseyside will end up the cheapest location around. But what happens to the unemployed while this takes place? It could be years."

ple already in the area. Because the site was made an **Stewart Daiby**

problem.

The idea when the two first The MDC had a much development corporations were smaller area than docklands set up in 1981 (the other was only 800 acres. Within it, London Docklands) was that a modicum of public spending on according to Dr Ritchie, there was "total" dereliction. The necessary infrastructure would Albert Dock complex; which has become the centrepiece of the MDC's tourism and leisure drive, had 30 feet of slit. With generate private sector invest-

The MDC seemed to be throwing funds into a bottomless pit

ment in designated areas in multiples of four or five to one at least.

the chairman of the MDC, says that if all the plans now being discussed and considered come The London Docklands pretty soon after its inception to fruition then by 1998 there will be at least £500m of pri-vate investment. The George's started to draw in private money at 10 times the rate of public spending. The MDC was compared unfavourably with Dock leisure centre is due for completion by 1991 at a cost of 525m. Separately, the Mersey Docks and Harbour Company is developing with P&O proper-ties and Barratts three of its old warehouse complexes on Docklands because it seemed to be throwing government funds into a bottomless pit with no prospect of private investors jumping in as well. The criticisms of the MDC have become less strident now.

the northern docks at a cost of possibly up to £300m. There are many other projects in the pipeline, including a massive that various property ventures have collapsed in Docklands tail centre. The MDC has had its area because of the softness of the because of the sourcess of the residential property market. With hindsight the dangers in Docklands of putting the cart of unfettered private sector development before the horse of proper infrastructural plan-ning are obvious. Too many flats, houses and offices were built encoulatively and pow

extended twice, the last time in November 1988. It now covers 2,400 acres, three times the original site. This has inevitably meant that its life will go on well into the 1990s. MDC officials feel this expansion must mean the Government thinks it is doing something built speculatively and now someone is going to have to spend billions to improve road right.

Critics, particularly Profes-sor Patrick Minford of the Uniand rail links. The MDC did, willy-nilly, get its priorities right and mend versity of Liverpool's economversity of Liverpool's economic ics department, are not so sure. He feels the emphasis on lei-sure and tourism is misplaced. The Albert Dock, with the Walker Art gallery, the Mari-time Museum and the shops and muse is an attractive showthe infrastructure first. By March it had reclaimed more than 700 acres of industrial dereliction, and built or upgraded 7km of roads. With the Merseyrail, a mass transit and pubs is an attractive showscheme, congestion is not a case for tourism in Liverpool. Nevertheless, the Govern-Last year 3.5m visitors went to ment should be showing a the Albert Dock.

But tourism does not return on its investement by now, or so critics contend. Dr John Ritchie, the chief account for many jobs. It is not the answer to the city's inner city problems. These centre on the level of male unemployexecutive of the MDC, argues that comparisons with dockment particularly among man-ual workers. They can only be lands were never valid because the situations were entirely dif-ferent. The Docklands Corporaresolved by attracting manu-facturing industry, such as

opposite a crowded City of Lon-Japanese car companies. Professor Minford resigned don. It was at a time when the don. If was at a time when the financial services industry was undergoing a great expansion, because of the deregulation domestically under the so-called "Big Bang", the glo-balisation of financial markets and the improvement in inter-national communications. Development attempted in set from the board of the MDC last year when it turned down a project for a power station and a deep water jetty on the Wirral peninsula opposite Liver-pool. It would have been a £250m investment and possibly created 1,000 jobs. Professor Developers attempted to set Minford thinks Liverpool up an alternative City of Lon-don but with new residential properties. Arguably, this was to the detriment of those peoshould grab any heavy industrial investment it can get.

Mr Carter says the project was not turned down on environment grounds, as is commonly supposed, although this

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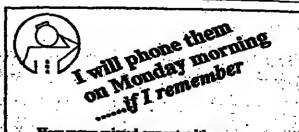
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MERSEYSIDE 9

Robert Waterhouse explores Wavertree Technology Park

A paradigm and a beacon

WAY ABTREE. TECHNOLOGY Park is the essence of resur-gent Liverpool, hum of the Heselthe Initiative. Bs 56-gene site, the former BR Edge Hill marshalling yards; was reclaimed using 55m of govern-ment inner-fity grant regimes. Wavertree involved a four way nertinerschip. Batween the wavernee involved a bin way partnership between the county and city council, English Estates and Plessey, which seconded management skills. Quality design and pro-gressive marketing attracted big names and impovative comnamies

Six years on, the park is both paradigm and beacon for inner Liverpool. Its lettable space, just about complete, is heavily overspherihed. New medium.sized units have an medium-sized mits have an asking price of \$7.50 per eq fi, way ahead of the local market. Precise architectural standards, excellent landscaping, civilised amenities, reliable security and demonstrable succeas stories have overturned received images of the city. Wavertree is only too aware

of its importance to Liverpool, Section 10 but the companies which choose to locate there do not survive by being hothouse. plants. Many compete in national or international markets, often at the high-risk development stage. They praise the skills and stability of local. labour, say they have little trouble recruiting specialists from around the country, and believe the park strikes the right tone to impress the most demanding of clients.

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There are moans. Some smaller, leading-edge companies lament the overall mix of tenants which, they say, stretches their understanding of the word technology. In the words of one critic, a few tenstries, Ling ants are "about as high-tech as 1630 bm a cheese sandwich". Some companies would like to see a more formal basis for communica-tion and exploration of mutual 2002 EN 20 2 21.2 222: -32 F. P. F. C CTRTER. interests. Some accuse the fart tas per park's management of trying less hard than during the pio-TOTOET IN

neering stage. This year has seen changes behind the scenes. As from January I two of the four origi-nal partners - Plessey and the 217. TE 3 100 25 5552 Merseyside Residiary Body, 24 182 successors to Merseyside in to become County Council - relinquished 116 tarmet their shares in the company as had always been planned. Both ulig têk ್ ದೆ ಗಳುವಾ Ve years m

WAYERTREE Technology Estates and Michael Hayes, for non-retail shopping, where Park is the essence of resur. Liverpool's city planning off- developers can expect swift gent Liverpool, born of the cer, admit the new partnership recovery of infrastructure. has taken time to bed in. "There was a histor during

the change-over period." Mr Hayes says. Its most important knock-on effect has been to slow down preparations for the second phase of Wavertree Technology Fark just at a time when demand is beginning to exceed supply And treating phase two could prove almost as testing as phase one. Its 20-acre site, also in .BR

ownership and also derelict, is ownership and also derelict, is across the main Liverpool-Lon-don line from the park. A bridge will have to be built, and new grant regimes make the sim-sim redunation pro-cess challenging. The park cess challenging. The park company, which commissioned a feasibility study on the site, plans to lodge a derelict land grant application this month. it will be the start of a long, slow process.

Slow prevention when phase two of market for cases The second second the states

fully exploit the potential for technology firms in inner Liverpool. Nor will it be likely to provide the "critical mass" companies generating a of high-tech environment. Phase two tenants will be more carefully screened for high-tech manufacturing credentials. There will not be another 100,000 sq ft available for Barclaycard, though securing Bar-clays' Masterloan and credit centre at Wavertree was seen as too good an opportunity to

Wavertree's development potential finishes with phase two. There is no obvious extension available in the area. Because of its closeness to the M62 (a plus most companies rate highly) any land becoming Richard Hughes of English available is being snapped up.

recovery of infrastructure costs. Mr Hayes points out that such costs can't be retrieved

pool has plenty of land but very few sites," he comments. From the perspective of go-getting software companies such as SD Micros or Gardner Systems Liverpool's potential outweighs land essembly prob-lems. Michael Price, managing director of SD Micros, construction industry software innovators now part owned by Laing, sees the makings of a high-tech community running from Liverpool to Salford via Warrington - the M62-M602 corridor. "Software houses don't have to be in the south-east," he says. "Costs are cheaper here, skills are better. But we badly need to keep the momentum going."

Mr Price is one of a new low process. breed of Liverpool entrepre-Even when phase two is neurs. His skill in defining a

Wayertree Technology Park: a result of the Heseltine Initiative

quantities from two dimensions and supplying the trade with an attractive package -"it took me three years to realise that users wanted some-thing they could hold" - has brought all the trappings of success. It has also, if anything, firmed his commitment to Liverpool.

Frank Coward, a director of Gardner Systems, which manu-factures bespoke software systems for retail operations including point of sale technology, is more outspoken about Wavertree's responsibilities. He feels the park should be making more of a contribution to the inner city by training and

lisison programmes. Gardner Systems is shortly to move to its own 10,000 so ft purpose-built premises on the

park and expect to double that requirement in three years. Staff are recruited locally and trained on a one-to-one basis. Mr Coward believes that unless such approaches are formalised there is a real danger of alienation and vandalism. "We would like to be here as invited guests rather than an occupy-

ing anny," he says. Bigger companies such as Plessey Crypto, the first to arrive on the park in August 1964 and now employing 300, are also looking to expansion. The company saw relocation at Wavertree as a chance to widen its product range, using expertise in defence communi-cations to develop secure commercial systems.

Plessey Crypto'e personnel executive, Martin Flavell, believes the move has already paid off. Business is good. The company's premises, purpose-built by English Estates, and the general feel of the park, be feels, match up to international standards. Staff divide in roughly equal

numbers between professional design engineers, many of whom either went to northern miversities or have returned to Liverpool roots; the skilled or semi-skilled workforce, locally recruited and stable; and the support side. Mr Flav-ell believes that for all three Merseyside is as good a place as any. The company's independence has been assured fol-lowing GEC-Siemens' takeover of Plessey.

A 12-year business plan drawn up for Wavertree in 1983 aimed at full occupancy of the 64-acre atte by 1995, providing 2,000 joba. This looks like being achieved five years early, though the job count will be around 1,600. Most agree that the jobs themselves, important as they are, take second place to the concept.

Talks are under way, in the context of Wavertree, to encourage links between Liverpool University, Liverpool Polytechnic, the Merseyside Innovation Centre and the private sector. The aim is to explore areas of technology transfer, and to use the park as a basis of future training pro-grammes. Whether this top-level initiative helps develop a north-west high-tech culture is inst one of the mes. culture is just one of the questions Wavertree poses for the 19908.

century of clean energy IF ALL goes to plan it will have taken under 20 years from first concept to construc-tion of the Mersey Barrage. By the standards of a film project this is a remarkably short timespan. Peter Wood, development director of the Mersey Barrage Company (MBC), acknowledges that fortune has been on his side so far and that prospects look even better. Privatisation of the electric-

ity industry imposes the Non Fossil Fuel Obligation (NFFO) on supply companies, who will be required to purchase around 20 per cent of power from nuclear or renewable energy sources. Given the cost of building, maintaining and decommissioning nuclear stations, the economics of wind, wave and tidal energy become more attractive than when in straight competition with coalfired generation. Delays in introducing privatisation give MBC a little more time to for-mulate their NFFO bid.

Environmental worries over nuclear waste disposal or fossil fuel burning and the growing political importance of green issues offer renewable energy protagonists a real opportunity in the run-up to the general election - just at the time when MBC will be seeking to process its Parliamentary Bill.

process its Parliamentary Bill. The Government may well be looking for a high-profile suc-cess story, and the Mersey Bar-rage could be it. In context, a fixed barrage across the River Mersey between Liverpool and Birken-head or Wallbeev (there are head or Wallasey (there are two alternative lines at this two anternative lines at this stage) whose sinices drive up to 30 turbines is expected to provide 800 MW of installed capacity, generating 12 hours daily. Fiddlers Ferry nearby has four 400 MW units. Th barrage could provide half of Liverpool's energy requirements during its expected 120-

year life, or about 0.075 per cent of national demand. The idea of the murky Mersey - Europe's most polluted river - offering a century of clean energy is of obvious appeal to copywriters. But the most serious objections to the project are hydraulic and environmental. They pose two questions: what effect will the barrage have on sedimentation within and beyond the estuary; equally, what are the consequences for the wildfowl which overwinter in numbers making the unprepossessing mud flats and sandbanks of international

importance. Neither question was resolved by the fin Stage 1 barrage feasibility study, which reported last December, The study - joint-funded by MBC and the Department of Energy (DE) and co-ordinated by Rendel Parkman, Liver-pool-based consultants - set out to test a series of negatives. Was there, it asked, an overriding impediment to pre-vent the barrage being built for hydraulic, environmental, navization or socio-industrial reasons? The answer came as another negative No. Uncertainties left by Stage 1

include the proposed line of

The threat to wildfowl could sink a Bill

the barrage. There are two alternatives: a line close to the mouth of the river, downstream of Liverpool; and one between Rock Ferry and Din-gle, near the garden festival site. The study suggested a choice between the two lines should be left until after the more detailed work in Stage 2.

This £1.3m project is under way, another joint operation between MBC and DE, timetabled to report at the end of 1990. It will seek to determine barrage configuration, construction and operational costs, non-energy economic benefits, and, of course, the likely environmental impact.

antime, MBC is starting Me to lay plans for the develop-ment stage. This covers the time from 1991, when the Parliamentary Bill is lodged, to 1994 when construction may start. It is, as Mr Wood freely admits, a time of high risk for investors who will be approached by Barclays De Zoute Wedd, financial consultants to MDC.

Of the £10m-£20m needed for the development stage, per-

haps fin will be ment on full-blown environmental impact study. Then there is the detailed engineering design. It is at this point, given a safe passage for the Parliamentary Bill, that serions thoughts about construction finance come into play. Development stage investors will expect a higher return for

their faith in a project which may never get into the water. Financial arrangements could include European Investment Bank and commercial loans, as well as straight equity. In the end, the Mersey Bar-rage will find finance if the fig-

ures stack up. Almost all its costs are up front; investors will see nothing in return until the first power is generated. But once electricity comes on line supply is guaranteed at a return which inflation will make increasingly attractive. MBC's 24 subscribers - who contributed to the two-stage feasibility study ~ combine public and private industry, offering a wide variety of resources. Participants like McAlpine, BICC Cables and NEI will not be barred from tendering but have joined on the understanding that the pro-

cess is to be competitive. "The list is still open," says Mr Wood. "People have to come as full subscribers and bring something to the party." The latest to sign, for instance, is Trafalgar House Property. Others include MANWEB (the regional electricity board), Liverpool University and the Mersey Docks & Harbour Com-TANY

Parkman Consulting Engineers, who led the Phase 1 fea-sibility study, took a board decision not to subscribe. This, says George Eakin, the company's managing director, was in the interests of impartiality - not through any lack of enthusiasm about the project, Indeed, Parkman is now working on barrage construction alternatives such as diaphragm walling using redundant supertankers or massive cast-concrete caissons. They are operating at cost ~ as they did on Phase 1. But, Mr Eakin implies,

first-hand knowledge will give the company a massive start

contract. Mr Wood first came across the Mersey Barrage concept in his former job as Merseyside's

IX*

county planning officer. He has steered the idea virtually single-handed to the point where it is a serious proposition with huge potential benefits for the local economy. Industry, property developers, and tourism interests all stand to gain from the lower tidal range created upstream. The barrage itself, and related developments, would be a major tourist attraction - pulling about £10m a year into the economy.

The project adds momentum to the £4bn Mersey Basin Cam-paign to restore the river to a reasonable condition. In its present state the Mersey gives a rich definition to "flushing time" - the period it takes for tidal-born pollution to ebb and flow up the estuary before it eventually disperses into the Irish See. A barrage increases flushing time.

Shipping interests are gener-ally opposed to the barrage. It will not affect Seaforth trade, but vessels destined for Gar-ston and the Manchester Ship Canal must navigate a commercial lock. In recompense, Eastham Lock will be available for Ship Canal users during longer periods because of the raised water level in the inner estuary.

However, it is this raised water, covering tidal banks where significant numbers of Europe's wildfowl overwinter. which could yet prove an over-riding impediment to the barrage project. The pintail, teal, wigeon, sheldnck and dunlin are virtually priceless. They certainly cannot be bought, and the potential threat to them could sink a Parliamen-

tary Bill. Some say that the main attraction to wildfowl - and numbers have increased markedly in recent years - is the sort of organic pollution which Liverpool's new sewage treat-ment plant in Sandon Dock will minimise from next year. It could, just, be another lucky break for the barrage.

Robert Waterhouse

THE MERSEY BARRAGE

Smoothing the waters for a



we play a surprising number of parts - especially on Merseyside.

September found us at the Empire Theatre, Liverpool as sponsors of the RSC/Royal Insurance Tour which takes their production of 'A Midsummer Night's Dream' to nine cities in the UK.

Earlier in the year we were in another, very different, supporting role.

In March, we held the prize-giving ceremony for our new enterprise awards scheme - The Mercury Awards for Industry'. The awards scheme was created by 'Royal' to assist new business set-ups on Merseyside. The ceremony was honoured by Tony Newton, the then Minister for State for the DTI, who presented the awards.

And for many years senior 'Royal' managers have been freely investing their experience - on full and part time secondment - in many business and training agencies throughout Merseyside.

Just a few of the many ways we try to play our partand meet our stated Group objective of being a responsible and caring member of the community in which we serve.

Royal Insurance was formed in Liverpool in 1845 and today employs over 4,000 people locally. The City is the headquarters of Royal Insurance (UK) Limited and Royal Life.

Needless-to-say our commitment to play a major part in the social and economic infrastructure of the area is as great today as ever,



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FINANCIAL TIMES THURSDAY OCTOBER 19 1989

MERSEYSIDE 10

Richard Gourlay on the food industry

Sweet success amid steady decline

IN THE comfortable suburh of growth of existing product Moreton on the Wirral penin-sula lies the Premier Brands chocolate biscuit factory exuding, it has to be said, the sweet smell of success.

A successful £97m management buy-out of the old Cad-bury Schweppes plant in 1986 followed by its sale in March this year for about £280m to Hillsdown, the fast growing UK conglomerate, rewrote the texts on worker capitalism.

Moreover, Hillsdown's acqui-sition of the branded goods business, with its labels that include Typhoo, Smash, Marvel and Hartley's jam, has opened opportunities for expansion, securing more than 3.500 jobs, some of which could have gone had Premier been swallowed

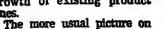
by many other food groups. Premier's success is a rare exception in the local food industry. Merseysiders have become inured to group "rationalisations" that mean loss of local jobs, not jobs else-where in the UK. And there is a resigned recognition that the economics which originally drew the edible oils and fats industry, for example, to the teeming port of Liverpool now

The more usual picture has been a steady erosion of jobs

no longer work in Merseyside's

The limited overlap between Hillsdown and Premier Brands' product lines leads Martin Bralsford, Premier's managing director, to believe that the latest change of ownership will not mean job losses. Using marketing arms of the Hillsdown gronp, Mr Bralsford hopes to expand into Canadian and continental European markets, particularly in France and Spain.

But Premier's rapid growth during the period of the management buy-out was through acquisition while long-term security of the Moreton plant will depend on the organic.



The move is the result of

and Cargil bought out the Con-

have returned to Merseyside

Three events have

partially revitalised

Merseyside Industry

in the region, particularly

those with operations in the

south-east, say the right sort of labour is easy to find, train

and, more importantly, keep. It

gives Merseyside an advantage, they say, that will become increasingly important as qual-

similar factors that have shrunk Merseyslde's dock labour force from 47,000 at its Merseyside has been a steady erosion of investment and jobs. This was dramatically highpeak to about 1,600 today. A decade ago costs at Mersey's lighted by Unilever's closure of docks - demurrage on delayed sailing, dockers' wages and its Birds Eye division in port tariffs - rose so quickly that shippers simply passed by,

To Liverpool's great embareither to Thames ports or tran-shipped from Rotterdam. rassment the announcement of the 1,000 job losses coincided with a rare visit to the north-west by Mrs Margaret Thatcher, the Prime Minister. "At one stage refined bottled vegetable oil from Rotterdam was cheaper than J Bibby could groduce at its factory gate on Merseyside," says Birds Eye blamed the closure of the Merseyside plant on intransigent nnions which would not accept the loss of one third of the workforce to David Key, general manager of the Tate and Lyle-owned United Molasses tank storage operation in Liverpool. Three events have partially keep the rest. Some analysis, however, say Birds Eye had one too many plants and that revitalised Merseyside. United Molasses invested in the free-port, Bunge, the South Amerione would have had to go in

time anyway. can venture, bonght out J Bibby and built a new refinery; Changing patterns in product distribution is also working against Merseyside as the tinental facility for refining its own soya beans. Some shippers Europe of 1992 looms and draws large warehonsing operations further south. Again, Unilever has bowed to the economics of consolidation notably Stolt Nielson and Tokyo Marine – but in 1988, Thames ports surpassed the edging south, rather in the footsteps of that other great name founded in Liverpool -Mersey as the largest importer of edible oils and fats. Tate and Lyle.

Over the past two years Uni-lever has been changing the nature of its oils and fats business on Merseyside. Its Van den Berghs & Jurgens subsid-iary has been moving supermarket-sized production of edi-

Furthermore, Humberside's role in oils and fats imports is growing with the arrival of the Malaysian-backed joint ven-ture, Anglia Oils. The thinning out process saw four refiners snapped np by Akatos and Huncheson, the rapidly expand-ing group which was recently ble oils from Bromborough (SP?) to its plant in Purfleet. Production of bulk quantites of oils and fats by another Unilever subsidiary, Craig Miller, is moving up to Brom-borongh - and with It the head office operation. The reoring group which was recently hit by fears of margarine con-tamination and has come ganisation involves some new investment but Unilever originally foresaw the loss of 600 of the 900 staff. under Department of Trade

"The geography, history and economics of Merseyside are behind the move," says Mr Bob Harcourt, of Van den Berghs, and Industry investigation into possible insider trading of its shares. Two of the four independent refineries taken over which used to own its own closed. There is, however, a harsh irony in Merseyside's win dock to service its refinery. Now it brings in by train 100,000 tonnes of crude oils a some, lose some battle to whittle away at the 19 per cent unemployment rate. Employers year from the south.

FORD announces a £600m investment at its Halewood factory ahead of the launch of a new range of Escorts; Vauxhall presents a more modest investment at Ellesmere Port but consistently cannot build enough cars to meet demand. Can this be the Merseyside car industry of old?

It was not so long ago that Ford's pen was poised like a Damoclean sword above an order to close Halewood. Across the Mersey the Fates, in the guise of General Motors' head office, were also weighing the future of Ellesmere Port, not so much because of the near collapse of industrial relations in the late 70s but because an outmoded range of model designs meant people were simply not buying their

Merseyside was on the brink of losing two of its largest pri-vate sector employers. Like Damocles, Halewood was spared and the management and unions learned some salutary lessons. By the mid-80s the most rigid job demarcation lines were breaking down, the workforce was learning that Halewood had to compete not only with other car compa but within Ford Europe for investment and the management was learning it had to consult rather than dictate working practices.

Meanwhile, at General Motors a fundamental re-think of model designs breathed new life into the Merseyside plant and beloed place Vauxhall among the most successful car companies of the 1980s.

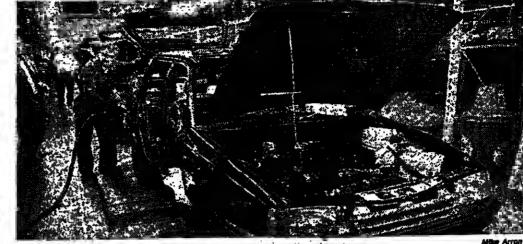
Merseyside's investment promoters say the corner has been turned and that the period of industrial turbulence is behind them. But musings on the pos-sibilities of a Toyota or a Honda ever setting np in the. area are met with the kind of blank incredulity that accom-panies talk of English cricket victories in the West Indies. The transition has not been easy or bloodless. Ford is still the largest private sector

employer in Merseyside but it had to shed 3,500 jobs from its peak in 1983 of 12,500. Elles-

Hopes are high for a smoother ride

CAR INDUSTRY

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Vauchall plant; now running at a capacity of 600 cars a day

mere Port's workforce shrank to under 5,000 employees and some 2,000 at GM's Delco electronics on Merseyside from a peak of over 12,000 in 1971.

Both plants saw components manufacture shift to other plants partly as the global car production concepts blossomed but also because of the poor comparative productivity and labour relations. Ford engine production moved to Dagen-ham in Essex and Bridgend in Wales; Vauxhall engines to Australia and West Germany following a three-month strike in 1979; Vauxhall transmisinvesting floom in a new paint

sions to Isuza in Japan. Most importantly for Mersey-side, however, GM and Ford management have regained confidence in the area. Ford is in the middle of a £600m fouryear investment programme ahead of the lannch of its new Escort next year. It is install-

ing a giant triaxis press, which will add flexibility in the changing of stamping dies, and it has built a single overhead assembly line replacing what had been in place since 1963. The investment is clearly a vote of confidence in Halewood, which with Saarlouis in West Germany, has built the Escort, Britain's number one seller, since its introduction in 1968. It is operating close to capacity of 1,200 cars a day. Vauxhall, now running at a capacity of 600 cars a day, is

Vauxhall has also adopted new work practices. In the middle of the Klesmere Port If has adopted a modular assembly operation so that the assembly plant is a gleaming "competitiveness center" like a dashboard console is now put together outside the semi-assembled car shell, reducing the opportunity for paint scratches and loosely assembled compo-nents. And it has introduced car sbowroom where every shop floor worker spends an bour a week studying scratches, paint bubbles and automatic guided vehicles for loosely fitted tachometers.

There is a noticeable lack of There is a noticeable lack of Japanese-style quality remind-ers and invocations to hard work. Only a few signs with messages such as "Build with care means no repairs" are vis-ible on the factory fleor but quality is clearly being empha-sised as the only way to see off the new Japanese competition. Ford claims the Halewood plant is no longer "the thorn in

plant is no longer "the thorn in its side", but a "jewel in the crown". It is a claim that says nothing about the troubles from which the company has now climbed.

Both Ellesmere Port and Halewood do not appear to have proved conclusively to their boards that they are competitive with their European counterparts, an important consideration when divisionsare competing within the are competing within the group for investment funds. Both plants, while not happy to release specific figures, admit their productivity is inferior to continental Europe. Furthermore the plants have

not been chosen to test-run just-in-time stock delivery or flexible work shift practices. West German plants have sto-len those honours. Added to which much of the investment in Ellesmere Port and Halewood, though state of the art, merely brings the plant up to date with what is already in place elsewhere. Ford's production line that dates back to 1963 and Vauxhall's presses which are 25 years old are cases in point. This problem stems partly

was using "a lot of people to make a lot of cars that people did not want," the company from not investing in green-field sites, a problem Japan's new investors in the UK do not says. From eight per cent of the British market in 1979, Vaux-hall has build a 16 per cent share in 1988, helped by the new Astra introduced in 1984. Its next generation Astra is due to be launched in 1991. Vanyhall has also adouted face. The new plants in Sun-derland, where Nissan plans to make 200,000 cars a year by 1992, in Derby where Toyota will be building 100,000 cars by 1995, and in Swindon where Honda plans on 100,000 cars by 1994 are a constant goad to management and the workforce.

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What Ford and Vauxhall both recognise is that the recent years when margins have been fat in the UK market for them and the dealers may be coming to an end.

Stewart Dalby investigates the slow revival of the docks **Cloud lifts and outlook looks fair**

EARLIER this year the outlook for the Mersey Docks and Har-bour company, which controls the large main port in Merseyside, looked good. In 1988 the company had significantly increased its profits (by 56 per cent) on only marginally increased turnover. The Gov-ernment had agreed to write

concern to negotiate a two-year . deal, he claims, There had not been a major strike in five years until this year.

When the crunch came all those who left went voluntarily; there were no forced redundancies. Many of those who departed may one day find themselves among the huge

main reason for better times, it is also due in part to the company's willingness to seek out business. Unlike many ports Merseyside operates a whole range of activities, from Ro-Ro, to containers to oil to bulk liguids to grain. It now claims to be the largest exporter of scrap

acreage is used for port pur-poses, with some of the rest it If labour productivity is the is now going in for property development.

component assembly.

\$275.

What really changed Elles-mere Port's fortunes was the

introduction in 1981 of the

Astra among the new range of 80s' cars. Before then the plant

The Princes Dock close to Pler Head and the refurbished Although the Mersey Dock. Albert Dock is being trans-formed into a residential, and Harbour Company is the retail, and commercial complex dominant force which dwarfs in conjunction with P&O Prop-erties. This development could other operators, the Mersey

business Park from the old

Woodside lairage. All these joint ventures should yield very good returns for the Docks company in due

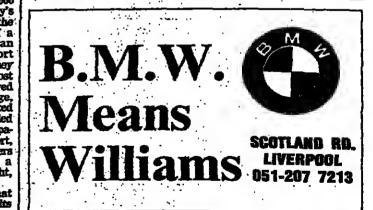
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cost £200m; At the Waterloo Dock, a little to the north of Princes Dock, Barratt Developments is transforming a former grain warehouse and dock into a waterside residential village. Further north still, Ollerton Development has been granted an option which could lead to regeneration of Stanley Dock, the centrepiece of which is an old tobacco warehouse.

On the Wirral side of the Msrsey the John Mowlem Group is creating an 88 unit

ston docks, owned by Associated British Ports, and port operations of the Manche Ship canal between Runcorn and Ellesmere Port. These operations, although small, have apparently been profit-able. What direction Garston and, what direction Garston port, in particular, will take is not clear. The dockars there took redundancy, and how the port will now operate remains to be seen. One suggestion is that hosts will being being that boats will bring their own labour.



Business people and developers should set their sights on Wirral, the peninsula lying acatly between historic Chaster and the economic centre of Licerpool. Here, a limited number of sites and high quality premises are still available, full of interest and potential and springing up against a backgroup of chastorit acoust polices down a background of unspollt acres roll

Recent investment has opened up previously isolated docklands for re-development, and further efforts have released more land for unth and prosperity

Wirral has Development Area status and some parts of the Borough also have City Grant status ng financial assistance to suppo

Additional help is also available for site servicing, infrastructure works and consults

To all this add the benefits of direct links to the national road and rail networks - and you'll see shy Wirrel is perfectly placed to sustain even the most demanding needs of modern business.



MERSEYSIDE 11

Jan Robinson examines Liverpool University's changed image

A down-to-earth approach

Professor Graeme Davies, the vice-chancellor, a well-known and well-liked figure locally, who has made backward-looking policies a thing of the past. Student applications, which suffared in the Haiton era, are trending powards again, together with research funding.

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The award, in February 1968, of an Interdisciplinary Research Centre (IRC), to pur-sue the study of surface sci-ence, confirmed Liverpool University as an international centre of excellence.

With a background as a materials engineer, Prof Davies came to Britain from New Zealand in 1962. Having spent time at Cambridge and Sheffleld University, Davies came to Liverpool in 1966, attracted by the diversity such a large insti-tition and diversity such a large insti-

tution could offer. In 1986, the University Grants Committee (UGC) had criticised Liverpool for being too inward looking and not exploiting its resources. Prof Davies saw several areas that

were ripe for improvement. These included substantially changing the research profile and taking the university out into the community. "We did seem to be in the position of being 'vory tower'," says Prof Degree Davies.

In terms of research grants and contracts, income has increased from £8m in 1965 to £18.1m this year, taking Liverpool from 19th in the league table of universities into the top 10 in this area. Prof Davies

1 221 722 sees this as a major step for-ward, emphasising research as the top priority. "To my mind a university is not a university े धार्च केह 15 W 2 2 unless it has a very strong research base."

The vice-chancellor was pleased with Liverpool's overall grading of 3.3 (out of a maximum 5), in a recent exhaustive investigation by the University, Finance Committee . (UFC) on the standard of university research, in which Liverpool came fourteenth.

"Part of my pleasure with the results is that it shows that ೆ ಮಾಡಿ there is an improvement, and I -can see it reflected in those areas where I know there has -121 TEL 100 600 6 3 - 2 2 2 3 been a sharp change in the research programme," says C: Yest **Prof Davies** : Comera

Two major assessments by dent loan system, is that I

LIVERPOOL University has the UGC since 1985 himsured dragged itself out of the clois-ters under the leadership of the under the leadership of of excellence. The IRC was one of only four awarded, the off-

of only four awarded, the ofh-ers being in Cambridge, Oxford and Glasgow. An identification of six main-stream departments of earth sciences came up with Cam-bridge, Oxford, Edinburgh, Manchester, Leeds and Liver-pool. The only three universi-ties on both lists were Cam-bridge, Oxford and Liverpool. The IRC was norticellariv The IBC was particularly gratifying to Prof Davies because it confirmed the strength of Liverpool in sur-face science, which ties in with the industry on Merseyside.

The prestige of the centre has allowed the recruitment of top quality staff and the set-ting up of a research school very quickly and the increase in research activity will be reflected to the world outside. With such an emphasis on

With such an emphasis on The "brain drain" and the bit-ter pay struggle of the past year are pressing issues in uni-

versity circles, Liverpool has had its fair share of academic staff being poached, both by industry and institutions abroad, but partic-ularly regrets those who go overseas, as they are com-pletely lost. Prof Davies considers it ominous that some US institutions regard Britain as resource to make up its short-falls. "You're training very good people in the real leading edge areas, and they disap-pear," he says. Because the IRC can match

any other facilities abroad in this field staff are not expected

to be lost too quickly. Prof Davies also sees some hope for the situation in a wider sense, with more flatible funding and in the priorities of straff thomselves staff themselves.

"I think a considerable number [of staff] are not strongly motivated by financial reward as such. They like to belance a sensible degree of financial reward with the real intellectual opportunity that curiosity

research provides." Attracting the right students may also be increasingly difficult. Although student loans should benefit a lower cost centre such as Liverpool, Prof. Davies is uncertain about the scheme as a whole, "The thing that really wor-

ries me terribly about the stu-

Protessor Graeme Davies

believe quite firmly that it will disadvantage the lower social group candidates, who have been gradually increasing in numbers," comments Prof Davies.

ell in other countries, work here? Prof Davies says: "In most countries you will find that the added value for being a graduate is greater propor-tionally, than it is here." He believes that student overdrafts in thousands rather than hundreds will put people off



Cannot a scheme that works

However, he does foresee a way out. "If there were to be a loan scheme, it should be one that is income triggered, which is paid for through National Insurance...so there is an automatic system that collects it and is linked to your added value." Students who never work would be an affordable exception, he suggests. "The cost of the loan scheme as it is currently presented does seem to indicate that it would be bet-

higher education altogether

ter just to enhance the grant system. he believes. Prof Davies is also wary of funding systems that are demand led, believing they are unworkshle in some departments because of manpower constraints and the need to safeguard basic research. In principle the university agrees with bidding for students, but, the UFC should adopt the type of sensible approach that the polytechnics and colleges' funding councils have done,

where there will be 35 per cent funding and you will bid for the 5 per cent." Prof Davies also feels the involvement with the community has been a triumph, confirming the university as a resource for Merseyside in terms of student spending power and in the availability of research facilities."

INTERDISCIPLINARY RESEARCH CENTRE

University's prestige award

IN FEBRUARY 1988 the establishment of an Interdisciplinary Research Centre (IRC) in Liverpool for the study of surface science, was announced by the Science and

Engineering Council (SERC), and was seen as a great feather in Liverpool's cap. Only four such centres were awarded at the time in the UK, the others being in Cambridge, Oxford and Glasgow. As well as prestige, the centre is also important in terms of research and teaching. The award meant an overall

injection of £10m into the uni-versity over six years, mainly into the physics and chemistry departments

A general definition of sur-face science is difficult as the field sits between a number of subjects in the university con-

The centre's work is divided into four main areas: catalysis, gas surface dynamics, inter-faces and semiconductor surface chemistry, and properties of oride surfaces. The field is important tech-

nologically as the surface of material determines its interac-tion with the environment. Many technological proces depend on the interaction between surfaces, with examples in computer and microchip technology.

Since getting the initial grant 14 months ago, a vacant building on the university cam-pus has been completely refur-bished and staff appointed, although some research has been done in the meantime. Apart from the building,

other factors in Liverpool's favour were: the perceived excellence of the surface science team, the concentration of resources at Liverpool, (other bids involved consortia of six or seven universities, whereas the Liverpool bid involved two, However, explaining how industry will benefit will require keen business acumen. the other being Manchester), There are no formal links with industry as yet, but there has been a lot of interest, and together with it'e democratic

approach. external sources of support already exist from BP, ICI, Johnson Matthey, Courtaulds and the EC Science Pro-An already large amount of surface science equipment has been expanded by a factor of gramme, among others. Patents could be a possibility

three, with staff numbers up from 12 to 50 and plans are currently abead of schedule. Professor Peter Weightman, assistant director of the centre, has found that being on the administrative side and starting a new department has been "a constant battle ... in that you are trying to appoint senior staff on salaries that are not competitive with industry, and trying to get people back from America".

work in other areas. "Our role is strategic research, for com-panies that are interested in The centre's life is guaranthe contribution surface sciteed for 10 years, with a six-year review of the grant, on ence can make to their productivity and their products. "What we have set our which the final four years of funding depends.

minds very much against is At the end of 10 years the short-term, one-off con-tracts...which would pull our centre will have to be self-financing and will therefore have needed to direct the research research programme all over the place, for very little return." Prof Weightman believes that some other groups doing this have lost their scientific edge. towards self-supporting projects which attract industrial funding. So a careful balance between pure and applied research is planned.

in the design of scientific equipment, after some success

already, and be a valuable

Weightman sees their main

Setting up a department, with such a high-tech profile, has brought its own problems. Apart from attracting the right Prof Weightman comments: "The most important thing is to have faith in your own deci-sion, because no one else will."

Apart from attracting the right staff, the logistics involved has been something of a headache. Being a scientific set-up, most of the space was given over to laboratories, before it was realised that administration space would be needed as well. As a result a floor of offices was added to to the

XI*

building at a cost of 300,000. The IRC has also had to be very careful not to be seen as above its parent departments of physics and chemistry, or to alienate itself from them, the university as a whole or the SERC. The departments have money spinner when the cen-tre is self funding. However, rather than pursu-ing patents, and the bureau-cracy that it entails, Prof. had to be compensated for their loss of resources which have gone into the centre.

Fortunately, heads of depart-ment and the vice-chancellor took a long-term view, feeling the prestige of the centre would outweigh the disadvantages of setting it up.

Jan Robinson

ANOTHER WINNER FROMTHEHEAR OF MERSEYSIDE

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Now losso of life

LIVERPOOL POLYTECHNIC

andra an a andras a andras an antras an antras an antras and antras antr THE polytechnics were given a se of life in April this new i year when they ceased to fall under local authority control. Liverpool, perhaps more than any other, has a lot to gain, and is already seeing some-thing of a turnround in its fortunes.

Professor Peter Toyne came to the Polytechnic as rector at the height of Liverpool's financial crisis in 1985 when, as he says, the city was "virtually on its knees". The entire Polytech-nic staff had been made redundant and the institution as a whole was threatened with clo-sure due to Liverpool City Council's failure to set a bud-

get. Such incidents are now unthinkable and the polytech-nic is gearing itself up for a new academic age, with Profes-sor Toyne seeing binself as the head of a large company. At the time, financing was seem as a secondary problem to that of memory problem to SOTUB

that of management, so much so that the Council for National Academic Awards (CNAA) threatened to with draw its approval of the insti-tution, because it believed there was no proper manage-ment system in place, the academic board appeared not to be in control of academic work, and there was political interference with the Board of Governors.

There was a massive backlog of investment which mani-fested itself in dirty, shoddy buildings and outdated equip-ment. Once out of local authority control, Prof Toyne identi-fied the initial objectives as: "More immediate responsive-ness, being able to make sensible decisions, and, above all, to

ble decisions, and move at, to see where the future lies and to establish real priorities." This year's budget of £37m can now reflect the needs of the polytechnic, whereas under council control, they were not always first priority. Liverpool Polytechnic is now

very conscious of its image, and a radical change in course provision is being nurtured. The strategic plan for 1969-92 talks of "total quality and the highest possible customer and client satisfaction through delivery of ... high quality products and services at a competitive price". The Polytechnic sees itself as one of the leaders in taking higher education into the realm of modular learning and credit accrual courses. The widening of routes into farther study, particularly for those people without trading qualifi-cations, remains a priority. The Credit Accumulation

and Transfer Sche allows students more flexibil-ity in the length of time taken for study. Moreover, life skills

which do not have to be retaught can count towards a for-mal qualification. For example, a woman who

had a family early in life and therefore missed out on further education would be able to enication would be able to gain credits in the fields of child care or child psychology. Within a few years all courses at Liverpool Polytech-nic are expected to be taught this way. Students will be able to design their own courses on to design their own courses on a pick and choose basis of mod-ules, with the Polytechnic put-ting on new courses to meet

demand Crucially, as Prof Toyne sees it, this approach will take course provision out of the hands of the academic board, and into the hands of the consumer. "We want to mark up front the fact that we are in basiness to serve the cus-tomer."

Stuart Melhuish, president of the students union last year and now the Polytechnic's corporate relations officer, comments: "We're tying ourselves in very much with the regeneration of Liverpool."

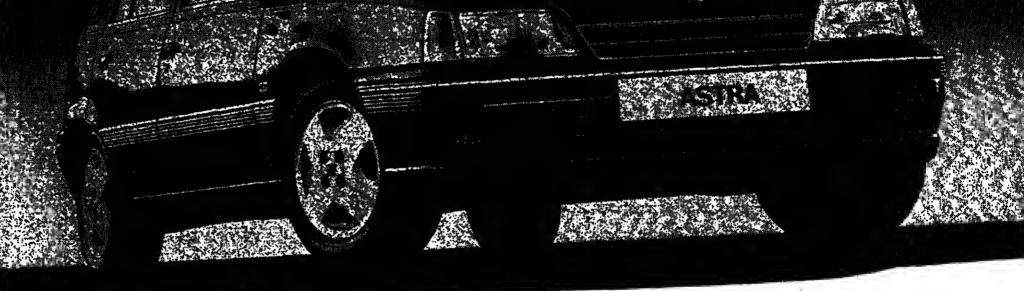
Whether this approach is popular remains to be seen but, as the fourth largest Poly-technic, Liverpool had the sectechnic, Liverpool had the sec-ond largest number of applica-tions for places in the UK last year. Students will see a marked change when they return for this academic year. One outlying building has been sold and the courses trans-formed without any reduction ferred without any reduction in student numbers. The Polytechnic is getting its first purpose-built teaching

building to be opened this year in the town centre. It will house the Intergrated Degree System (IDS), the forerunner of CATS, which incorporates the social studies and combined degree courses.

Careers and chaplaincy facil-ities, formerly housed in the students union, have been transferred to a new student services section in a converted primary school.

Student accommodation, also a problem in the past, has been somewhat relieved by a brand new halls of residence at Cathedral Walk, built in the shadow of the Anglican cathedral, near the city centre. So, for the loss of one building, the Polytechnic has acquired three, with more rationalisation in the pipeline.

Jan Robinson



Last year the people of Merseyside helped us to build 126,000 vehicles -Vauxhall Astra and Astra Belmont cars, Bedford Astravan and Astramax vans - at

Ellesmere Port.

Production has increased again this year and with 200 extra production people

on the strength, we're building 35 cars and vans an hour.

We're also building a brand new £56.3 million paint plant to make our cars and

vans better than ever.

And at the same time, we're

also building a better future.

That's teamwork for you.

Astra. BUILT ON MERSEYSIDE



VAUXHALL, ONCE DRIVEN, FOREVER SMITTEN.

WICKHALL IS BACKED BY THE WORLDWIDE RESOURCES OF GENERAL MOTORS, CARS SHOWN ASTRA CD HATCH AND BELMONT CD SALDON.

MERSEYSIDE 12

AFTER Hillsborougb, sport will never he quite the same on Merseyside. The tragedy of Heysel, remembered by a sim-ple plaque in the directors' suite at Anfield, brought shame to the former European champions and has removed English clubs from the Continental stage. But the Hillsbor-ough deaths hit home much harder.

One lifetime Liverpool supporter, a successful business-man in his thirties, who belp-lessly watched the Sheffield events from across the ground, says he will never again take his two young sons to Anfield. He does not want them to grow up with the same passions he lived out until that sunny April Saturday. Peter Jackson, partner in a

hoxes

Liverpool law firm and vicechairman of the Football Supporters' Association's Liver-pool branch, represented the FSA at the Hillsborongh

He believes that crowd safety must replace crowd con-trol as the authorities' principal objective but he does not agree with Liverpool FC's stated long-term aim of converting the Spion Kop terraces to seating. "Terraces are not the root of the problem." he says. "We should he looking at entrances, exits and numbers' monitoring

Liverpool FC's chief executive, Peter Robinson, agrees that the club will have a fight on its hands to change the Kop, where people still stand on the spot once occupied by their fathers, grandfathers and great-grandfathers. Since Hills-

Hillsborough casts its shadow

Robert Waterhouse reflects on a proud sporting record

borough, numbers have already heen reduced from 21,500 to 16,000. Mr Robinson previous year. This was a season when, under the manage-ment of Kenny Dalglish, they won the FA Cup and were close runners up for the First Division title, but it included transfer fees of £1.8m and staff stresses that a decision to replace the terraces will only be taken if consensns is

reached. Anfield is about to change costs of £3.494m on a turnover however. There are £6.5m plans to reshape the Kemlyn of £5.973m. Three employees earned more than £185,000 each. Such Road stand, building it back is the price of success, though in a major club context Liverand up to include 45 executive - something Liverpool FC has so far resisted. The club pool buys and spends prudently. is attempting to improve facilities while reducing capacity from 39,000 to an all-seater 37,000. That is the best it can do on a site surrounded by Vic-

torian terraced streets. Mr Robinson was an enthusiast of proposals first discussed in the late 1960s to build a new The economics of Anfield are based on a succession of full houses throughout the season; stadium serving both Liverpool houses throughout the sesson; at Aintree, the management pits nearly everything on the three-day meeting attracting 100,000 people the climax of which is the Grand National. John Parrett, the Clerk of the Course, says it has been policy since the Jockey Club took over six years ago to develop and Everton on the copious open space at Aintree. Aintree still has space, and its existing amenities are underused; the logic of a shared stadium has grown with car ownership; but Mr Robinson says the two clubs could never afford the 250m building cost. And the land occupied by Anfield or Goodison Park is not that valu-

since the Jockey Club took over six years ago to develop and improve facilities for the "core business" (the National). "The National is the key", Mr Parrett argues, "but we are now starting to look at other able, he suggests. Liverpool FC, the most successful League club in the post-war era, made a net loss of £221,693 in 1988-89 compared areas." A new £3m grandstand, due to be completed for next with a profit of £327,064 the April, will give Aintree a

year-round conference centre and venue for corporate hospitality. It should also take some pressure off the temporary facilities which cost £500,000 for each National but which would not be justified by smaller crowds at a November meeting many want to see restored to the Aintree calen-

"Aintree has to trade in 2 realistic environment," says Mr Parrett, claiming that as a world-class event the National

The economics of Anfield are based on full houses throughout the football season

brings influential people to Merseyside. At the other end of the spectrum, there is some sort of activity - often very localised - at the course for 200 days of the year using ame-nities such as the car club racing circuit

Merseyside's other racecourse, also owned by the Jockey Club, is also benefiting from a new stand - but it could hardly be more different. Framed by the M6 and the East Lancashire Road, Haydock Park has emerged as the north-west's busiest venue. In north-west's busiest venue. In the new stand, Tattersalls customers will be able to view screens showing satellite pic-

tures of other meetings around the country. There are to be year-round conference and banqueting facilities serviced by a new £500,000 kitchen. tensions are also under way at the nearby Post House Hotel.

Merseyside Tourism Board does not yet have a breakdown of sport-related spend. Events such as the National, or the Open in its sporadic visits to Royal Birkdale (claimed to be the tour professionals' favourite golf course), make life very hectic for hoteliers and hot-dog salesmen while they are on. Wirral Borough Council,

unblessed with major historic venues, has taken an opposite course in marketing a sequence of substantial attractions around its theme of "The Leisure Peninsula".

This season, Wirral has staged the pre-Wimbledon international lawn tennis tournament at Aston Park, West Kirby; world dinghy team rac-ing and international speed sailing at Marine Lake, West Kirby, the Ladies Amateur Open and English amateur

stroke-play championships at the Royal Liverpool Golf Club, Hoylake, and the Wirral international power boat festival along with the British Open water ski championships at New Brighton.

The borough also ran a fortnight of participation events during June, and a variety of leisure attractions. The result of such a programme, suggests Ray Wood, the borough's assis-tant director of leisure services, is that hotel bed occupancy is above the regional level, with interest being shown in new investment, and that assets such as the Marine Lake at West Kirby are far bet-ter used. The borough issued 10,000 marine licences for the lake this year compared with some 4,000 before the promotions took place.

Sport and leisure is a significant generator for the dockland areas of Liverpool, Bir-kenhead and New Brighton which fall within Merseyside Development Corporation's designated areas. Here again, there is an increasing concen-tration on water-based particitration on water-based partici-pation sports, which help form a lively backdrop for the miltions who visit Albert Dock each year.

The development corpora-tion is represented on Man-chester's British Olympic bid committee for the very good reason that the successful bid would ntilise Merseyside's water resources. It would also create at least one major new stadium in Liverpool.

HOW DID 115 COMPANIES FIND SUCCESS HERE?



FINANCIAL TIMES THURSDAY OCTOBER 19 1989

regeneration

AT TIMES it seems that pool.

Merseyside has an obsession about tourism and leisure. Offi-cials at the Development Cor-poration, the Merseyside Tourism Board and, to some extent. the City Hall give the impression that as an industry tour-ism is like some kind of life raft which is going to carry the area away from the physical area away from the physical decline and the psychological isolation much of it feels because of its had image as a crime-ridden, strike-torn, racially-tense, down-at-heel metroolis metropolis,

This new preoccupation with tourism as an economic sav-iour can be traced to the success of the garden feetival in 1984. Although it was only on for a few weeks 3m people attended.

The realisation that large numbers were prepared to visit. Liverpool in spite of the perception of an often violent northern industrial city in straightened circumstances, made the authorities look at its assets and see what could he done with them. With the decline of old

industries tourism had by the early 1980s increasingly begun am í

There is also the Beatles There is also the Beaues industry. Their appeal world-wide is remarkably enduring nearly 30 years after they played in the clubs of their home town. A recent survey estimated that 18 percent of all Merseyside's staying visitors, a significant proportion from abroad came because of the abroad, came because of the Reatles

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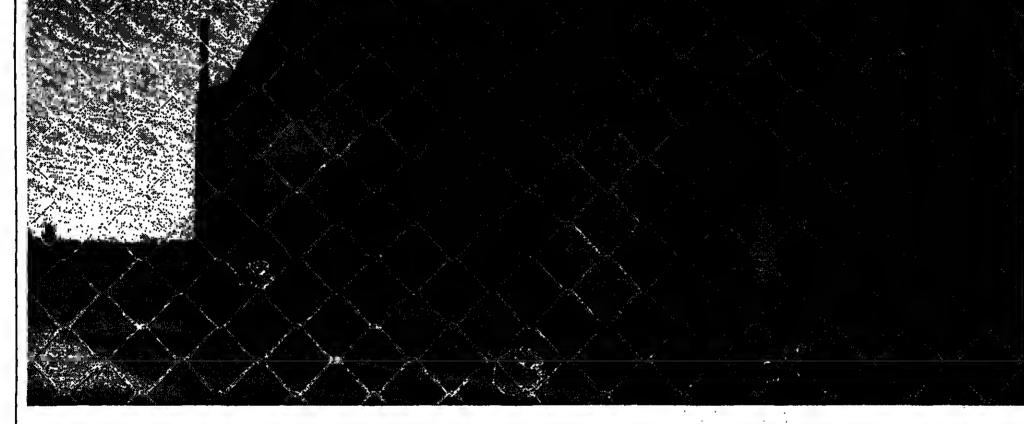
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Merseyside has done well out of the tourism industry. The last time a major survey was. undertaken was in 1985 as part of an Economic Impact Study of Tourism and Associated Arts Developments on Mersey-side (DRV Research).

It found that some 19m people visited Merseyside for pleasure(43 per cent), on business (9 per cent) and for personal/ familybusiness (48 per cent). Of these about 1.8m stayed over-night and 17.2m were on a day trip. In total, all visitors to Merseyside in 1985 spent £223m. Of this, staying visitors accounted for £101m. Net income to Merseyside resulting from this £223m spending was £32m. (Net income is defined as locally retained wages, sala-

ries, profit and rent, net of tax and national insurance.) stayed overnight spent £42m resulting in £7.8m of income to, and 3,325 jobs for, residents of



There was just one big obstacle to budding entrepreneurs in Merseyside.

It wasn't the general economic decline of the area or the inherent risks of starting one's own business.

The Liverpudlian spirit of enterprise was ready to forge on regardless. No, it was simply the absence of suitable premises.

So in 1982, B.A.T Industries contributed £1.1 million to the conversion of a disused warehouse in Liverpool's derelict South Docks, on top of the £290,000 contributed by the Merseyside Development Corporation.

The Brunswick Enterprise Centre was the exciting result, providing a trading base for 273 companies since its opening. Ranging from pizza delivery to contact lens manufacturers, 115 companies are currently tenants.

Over 75% have moved on as viable trading concerns, usually into larger premises.

B.A.T has been helping these entrepreneurs to help themselves, by ensuring that guidance comes from the centre's management and administration team. A wide range of business facilities is also offered on site.

Naturally, new business has meant new jobs and the creation of an increasingly skilled work force.

Success in Brunswick prompted sponsorship in Brixton. This time, a disused department store became the thriving Brixton Enterprise Centre.

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If you would like further information about the Brunswick Enterprise Centre, please call Jo Wallace or John Jones on 051-708 0952. For complete details about BAT's Community Action Programme, please contact Brian Hutchinson, Manager, Community Affairs, B.A.T Industries p.I.c., Windsor House, 50 Victoria Street, London SWIH ONL, Telephone: 01-222 7979 Direct: 01-233 3272.

money earner, both nationally and sectorally. Nationally some £15bn was being earned from tourism by 1985.

Like so many ports or river towns, Liverpool had a stock of warehouses and factories which had fallen into disrepair. Too good to be demolished indeed, in Liverppol as elsewhere many derelict water-front buildings are listed -they make attractiveresidencommercial or shopping hlocks

The centrepiece of the regen-eration of the Liverpool water-front is the Albert Dock. Built in the 1840s, it is the largest collection of grade one listed buildings in the country, according the to the Merseyide Development Corporation. The Corporation poured mil-lions of pounds into refurbish-ing what was a very neglected dock indeed. There was 30 feet of silt, ground pollution, had road access and many other

Bight years later it is a com-munity of shops, restaurants, wine bars, museums, including the Maritime museum, the Tate art gallery, and offices. It also houses Granada television studios.

There is a riverside walk from where it is possible to watch the famous ferries plying their way across the grey Mersey It is on the same stretch of

land as Pier Head with its three imposing Victorian structures. The Albert Dock is thought

to be the largest riverside regeneration scheme in Europe

A revitalised central waterfront, however, is not the only reason for visiting Merseyside. There are six other major museums beside those at the Albert Dock, including the world famous Walker Art gallery, the Lady Lever gallery at Port Sunlight, the Liverpool Museum and the Large Objects Museum

Liverpool has at least 1,000 listed buildings, including two cathedrals. It is an eminentity Victorian town and although like Belfast, many of the grand builings now have a sombre loneliness which is redolent of departed grandeur, they are attractive for all that. There are two famous First Division football clubs, Ever-

ton and Liverpool, any number of golf courses, both on the Liverpool side and on the Wirral peninsula, On Wirral, there is pleasant countryside for hiking and some beaches. There is the resort of New Brighton, admittedly now a little faded, but just haif an hoor away is the more genteel town of Southport, which is considerably less raucous than Black

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The appeal of the **Beatles worldwide Is** remarkably enduring nearly 30 years after they played in Liverpool clubs

Merseyside. For day visitors for pleasure the respective amounts were £53m, £6.5m and 3.010 jobs.

At the time of the survey tourism, broadly defined, accounted for just under 14,000 jobs. There were 15,000 bed spaces, including the univer-sity, and hotel occupancy had been as high as 67 per cent. One in five staying visitors were from abroad. The Japanese, it seems, are very keen to visit Beatle city.

Mr Samir Rihani, the chief executive of the Merseyside Tourism Board, estimates that visits to attractions have visits to attractions have increased by 15 per cent a year. It is probably safe to say, there-fore, that today there are prob-ably around 3m staying visi-tors and some 10m day visitors. Tourism is certainly an impor-Tourism is certainly an important new source of income, and is probably the number one growth industry in the county. But it is kille to pretend that it going to solve Merseyside's loyment problem s. The 62,500 unemployed manual workers are not abont to come waiters and barmen

overnight, if at all As Mr Rihani says, "it would be foolish to look upon tourism as the panacea for all Merseyside's problems"

The emphasis at the Tourism Board is accordingly now changingto stress the wider implications of tourism.

The Tourism Board is now concentrating on getting peo-ple to stay in Merseyside rather than just visit. The idea is that the more Merseyside is perceived as a tourist destination the more it will complement efforts to attract industrial and commercial development, and also attract company directors, executives and their wives and families to Merseyside,

Mr Rihani says: "The tour-ism board is a bit of a mismomer now. We have a much broader function, which is to show people that Merseyside is a place in which to invest and a place in which to invest and live." The Board's most recent video is "Getting to Know Mer-seyside", which looks not so much at visitor attractions but the quality of life and work which the area offer

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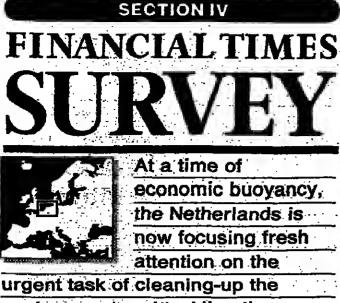
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environment and tackling the problem of unemployment, as Laura Raun reports here.

A subtle shift to the left

AS THE Netherlands heads into the 1990s it is swinging gently to the left in search of a fresh approach to the social ills and environmental imperatives

of a rich member country of the European Community. Mr Raud Lubbers, perhaps the most powerful Dutch Prime Minister in postwar history, will lead the new centre-left coalition government of Christian Democrats and Socialists that is expected to take office 5003

The Dutch want Mr Lubbers' firm hand on the tiller and Labour's fresh wind in the

"There is much that we (Christian Democrats and Socialists) can and must do together," Mr Lubbers told the party faithful during the recent election campaign. "I am the first to say now that prosperity. has been restored, the growth of that prosperity should be used for things which will benefit society in the future.".

Many are hoping for seven fat years following the seven lean years of Mr Lubbers' centre-right coalition of Christian Democrats and Liberals, which collapsed last May. His "no-nonsense policies" helped fuel the present robust economy but those sacrifices must rewarded, argue these

To speak of a clear change of

course to the left, full of vision and hope, would be crass overstatement. As in Norway, the political direction is ambigu-ous, which may be attributable to a Europe on the brink of

genuine change. The ambiguity also reflects doubt about just how fat the coming years will be: state debt is soaring; taxes and welfare premiums combined are among the heaviest in the world; the long-term unemployed are alienated; for every working person contributing taxes there is another being supported on welfare benefit; and the environment is danger-

ously polluted. Queen Beatrix warned in her annual speech from the throne on September 18 that pollution must be attacked but without leopardising international competitiveness. "There are no painless solu-

tions," she declared in the speech written by the Prime Minister: "Limits must be placed on the growth in traffic. At the same time, we are aware how important it is to our prosperity that this coun-try should remain the gateway to Europe and should continue to be able to perform its distri-

bution function." Mr Lubbers is loth to fritter away the hard-won gains of his first two terms. Already the longest-serving Dutch Prime

Minister in 30 years he is in a position to dictate much of cab-inet policy by virtue of his

immense popularity and his party's record strength. The Socialists, for their part, are caught in a dilemma. After re than a decade in the political wilderness of the opposition benches they have cast themselves as pragmatic. partners worthy of power. However, in the early elec-tions on September 6, Labour

lost three seats, suggesting vol-er-skepticism and placing the party even more at Mr Lub-bers' mercy.

Led by the practical Mr Wim Kok, the Socialists must nevertheless press for fresh initiatives to justify their presence. In the true Dutch tradition of compromise, the new cabinet is likely to share out the fruits of Mr Lubbers' earlier policies but is most unlikely to open the purse as wide as Labour wants. Both pertners agree that social spending should rise but that the gaping government budget deficit must fall.

Superficially, it might seem that little will change under a centre-left coalition. Mr Lubbers will remain Prime Minister, his Christian Democratic Party will continue as the senior partner in the ruling

continue

But things are changing. Mr Lubbers wants to go down in history as a Prime Minister who could chair a cabinet of more than one political hue. As an emerging European states-man be would prefer to cap his Premiership on a note of gener-

ousity rather than ansterity. A new trend emerged in last month's elections when the big winners were Green Alliance - a new group of four small, left-wing parties championing environmental causes - and Democrats 66 - an eclectic, slightly left-of-centre party born in the political ferment of the 1960s. But they were more or less barred from the bargaining table by the big parties. Dutch voters indicated that they want a cleaner environment, sensible social spending and more intellectual leaders - "a kinder, gentler nation," as Mr George Bush has said,

"You can't give large parts of society the feeling that structurally they don't belong," cautioned Mr H.H. Wijffels; chairman of Rabobank and bright light in the Christian Democratic Party: "People want to be valued for

ernment will start with the economic wind behind its back. Gross national product will expand faster this year than at any time since 1976 and more than the European average for the first time in a decade.

The Netherlands

ably low 1.5 per cent and job creation the highest in the European Community. Professor Frans Rutten, Sec-retary-General of the Economic Affairs Ministry, believes the Netherlands and West Ger-

KEY ECONOMIC INDICATORS - see dade 2 NETHERLANDS' BASIC

STATISTICS - page 3

many are the two strongest economies in the EC at the moment,

Corporate profits are surg-ing, business investment is booming and competitiveness is increasing, he explains.

"We are the best-prepared for new developments, to profit from new opportunities," he contends. The new cabinet will

An equally urgent topic fac-ing the next cabinet is the welbegin with a political agenda. topped by the environment fare state. The Christian Demoissue. A wave of Calvinistic guilt about pollution has swept across the Dutch, prompting crats and Socialists agree that more must be spent on welfare Mr Lubbers to warn that "envibenefits, education, housing ronmental efforts are part of and health care. But Labour wants to boost outlays by our stewardship."

Next year Parliament is about Fl 9bn and the Christian expected to pass an ambitious Democrats only around Fl National Environment Plan, 2.5bn. which would slash pollntion Manoeuvering-room is limacross the board - air, water and soil - by at least 70 per cent by 2010. The ecological blueprint is perbaps the most ited. Over the coming four years economic growth is fore-cast to alow, inflation to rise ronmental pollution devised by any country, and probably the most costly - up to F1 700bn in annual spending and fixed investments over the 20-year Europe after 1992, according to many observers. Taxes and welfare premiums combined, period.

social spending and the public sector are the biggest in the EC, while the working popula-tion is nearly the smallest, rel-atively speaking. The Dutch already spen more on preserving nature than any of the most industrialised countries - 1.34 per cent of GNP annually - and that could jump to 4 per cent in 20 years. This kind of money Fewer women work outside the home than any country in the Community, except Ireland and Spain. Estimates of physi-cal and mentally disabled peocould torpedo hopes for seven fat years, according to Professor C.J. Schuyt, a sociologist at Leiden University. ple are substantial - 724,000

people out of a population of ism - nearly double the num-ber of unemployed. A rapidly "greying" population means that almost one-quarter of the "Simply due to the environment problem, it is wiser to talk about seven sober years, following the seven lean years," he argued recently.

Ameterdam as a financial centre. Telecommunications: the first steps in privatisation. Page 5

> Big changes in the broadcasting sector. Sponsorship of the arts. Page 6.

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Natural gas revenues

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An Industrial

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Pictures by Alan Harper.

Dutch will be 65 or older by 2010.

Aside from economic and financial issues, ethical topics are also divisive. The Christian Democrats adamantly oppose two proposals: one, to legalise euthanasia; and the other to require equal treatment in education, honsing, and other areas regardless of sexual proclivity.

At the end of the 20th century, the Netherlands seems as well-placed to face the chailenges of the future as any time in the past 30 years. Eco-nomically healthy, socially cohesive and guided by a proven Prime Minister, the Dutch are confident about the brave new world of European unity

The major question is whether the new partnership of Christian Democrats and Socialists can steer policy more effectively than the last one. They must simultaneously clean-up the environment, replenish the welfare system and improve public finances, probably at a time of stagnating growth.

It is a tall order - and one that will require all the skills that Mr Lubbers and Mr Kok can muster. Even more than business-like management skills, the task will require a dash of imagination and flair. commodities that seem lacking at the moment.



coalition, and efforts to improve public finances will their contribution to the social system Certainly the incoming gov-

Mr Rudd Lubbers, above: perhaps the most powerful Duich Prime Minister in postwar history; pictured right, Amsterdam's central shopping area.

Inflation remains an envi-

integrated approach to envi-

and government debt to climb. The Netherlands needs to get more in-step with the EC to preserve international competi-tiveness in the harrier-free

IF YOU WANT TO DO BUSINESS ON THE OTHER SIDE OF THE WORLD, YOUR BANK SHOULD BE CLOSE AT HAND.

When a company is doing business on the other side of the world, the distance to its banker should not be one of the obstacles it faces.

Which is why the ABN has a network of almost 1,000 offices spread over 44 countries. These operations are run by managers who know the local markets like the back of their hand. Notonly in the area of finance but also with regard to local regulations and business practices.

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This is the reason why the ABN is able, in any situation, to offer its clients surprising financial solutions. Solutions which are based on sound local knowledge, but which are internationally effective.

Thanks to its network, therefore, the ABN is able to

hold its own with the world's major banks. Renowned multinationals and large local companies operating internationally make use of our know-how.

For day-to-day banking services such as import and export payments, of course. But particularly also for specific projects, which may run from leveraged-lease aircraft financing to co-generation energy projects. And from complex swaps to off-shore loans.

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والمرابع والمتعاد والمستنية والمترجة ومعتا الالتداري

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Natural gas

reserves

A sharp

decline in

revenues

EVEN IF the Dutch authorities are successful in reducing the

central government deficit to

central government dental to 4.5 par cent of GDP next year, it still remains amongst of the highest in Europe. One of the main reasons why the Dutch have had such difficulty in reducing their public sector barden is the sharp decline in

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THE NETHERLANDS 2)

3%

The Netherlands has one of Europe's best-managed economies

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Economy 'under full sail'

FOR THE first time in more than a decade, the Dutch economy is really humming. It is growing by over 4 per cent in the current year - the fastest rate since the early 1970s inflation is subdoed, investment is strong and the rate of new job creation is more than twice as fast as the European community as a whole.

Π

The guilder is one of the world's strongest currencies, reflecting the substantial improvement in the Dutch trade performance. Last year, for example, unit labour costs in Dutch manufacturing industry fell by more than 2% per cent, which meant that Dutch exporters could raise their profit margins, despite e firm exchange rate.

Algemene Bank Nederland's annual report summed up the substantial economic turn-around of the last five years by saying that the economy was

"under full sail again". The contrast with ten years ago could not have been more marked. Growth then was slowing rapidly, the balance of payments deficit was deepening and inflation was accelerat-ing markedly. From being e country sporting above-aver age European growth, the Netherlands was stagnating and the term "Dutch disease," began to be used to as a rude description of any rich economy which was performing pooriy

By the end of the 1970s the Netherlands was gripped in a vicious circle, it was unable to break the cycle of weak inter-national competitiveness and

low profitability. A high real exchange rate and extensive wage indexation meant that not enough jobs were being created to keep pace with e growing workforce. This led to e rising burden of poblic expenditure which tended to crowd out the private sector.

Labour mobility was low and the investment infrastructure was not responding quickly enough to rapid change. It was an economy full of rigidities associated with a workforce demanding a high and rising level of social protection. It could not be allowed to continue, but this should not be allowed to detract from the impressive economic turn-around which has taken place since the start of the 1980s.

12



Dr Frans Ruttens. left, secretary general, Economics Ministry; and Mr Cees Van Lede, head of the employers' association.

The Netherlands has always policies carried out since 1982. the Memeranos has always been an open economy with substential long-term strengths. A skilled and well-educated workforce, energy self-sofficiency end an unmatched tradition of inter-national trade – these strengths are now being exploited and the long-term "Firm monetary policies have been pursued, the main objective being to maintain the close link between the guilder and the deutschemark. "Dublic expanditure growth "Public expenditure growth has been curbed, with cuts on loans, credits and public exploited and the long-term rate of Dutch economic growth investment as well as restraint on government wages and real transfers per capita," says the is once again accelerating. The reasons for the substan-OECD.

At the same time there have tial transformation are not too The guilder is one of the world's strongest

currencies, reflecting a big improvement in trade performance, says William Hall

surprising and are well-docu-mented in the latest annual been a number of micro-re-forms aimed at reducing structural impediments to growth, most notably in the labour report of the 175-year-old De Nederlandsche Bank (the Cen-tral Bank) and the Organisamarkets. However, the OECD tempers its congratulations by tion for Economic Co-operation and Development's (OECD) lathighlighting e couple of "nagest survey on the country. The OECD says that Dutch ging structural prohlems, namely the large public sector deficit and the high level of economic performance has "improved progressively" over long-term unemployed.

the last five years and restored business profitability has gone hand in hand with higher These are both areas which could threaten the long-term bealth of the Dutch economy, especially since its recent recovery has relied so heavily investment in plant and equipment. It notes that the rise in Dutch wages and prices has been the lowest of the industrion moderate wage growth and substantial productivity gains. A successful resolution of alised countries in recent these problems will determine whether the Dutch really deserve the accolade of having

"These encouraging results owe much to wage restraint and to a progressively more one of the best-managed econofavourable economic environ-ment. But they are also the result of the reorientation of mies in Europe. The most obvious danger is

the conflict between the Government's commitment to reduce the tax burden whilst satisfying the growing environ-mentalist lobby. Public sector debt has been growing more rapidly than national income and higher interest rates make the task of reducing it all that much more difficult. The public sector has a tradi-

tion of lax budgetary discipline and higher taxes reduces the promised growth in real dispos-able income, which is the main way that the Government has been able to keep the trade unions on its side. If this exacerbates the latent wage tensions and results in increases of over 3.5 per cent per annum,

of over 3.5 per cent per annum, then the current economic out-look will look far less rosy. Mr Cees van Lede, the head of the VNO - the employers' organisation - is reasonably optimistic - "the ettitude towards business is much more favourable than it used to he". favourable than it used to be" he says. But he admits that he says, but he admits that after seven years of wage restraint it is getting increas-ingly difficult to persuade the unions to moderate their wage demands, especially if unem-ployment is not falling.

One of his current concerns is the growing demand for a shorter working week. It was last cut from 40 hours to 38 hours in 1982 and there is now talk of reducing it to 35 hours. As in other European countries, the demand for e shorter working week is e thinly disguised effort to raise wages substantially and this is some-thing which Mr Lede and his members think they can resist. One senior Dutch civil ser-vant describes the economic outlook as "beautiful, but frag-

ile." The economy is not yet back to the golden days of the 1960s, but it is heading in the right direction. The worry is that the new Government will not be able to deliver on its promise to reduce taxation and bring down unemployment, the key to continued support from the unions.

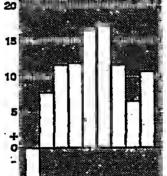
The Netherlands is not used to dramatic change which augurs well for the future, but also means that there is always a danger that the undoubted economic improvements of the last few years may also be allowed to quietly slip away as labour demands an increased share of the national economic cake

Strong Guilder A buoyant economy Guilders per Dollar GDP (percentage growth) 980 82 84 96 58 90 1980 82 84 86 88 89 1989 & 1990 - official esti

KEY ECONOMIC INDICATORS

The Dutch economy, which had grown by a below average 1.2 per cent a year in the period 1981-87, is growing faster than at any time since the early 1970s, and is now one of the fastest growing European economies. Healthy balance of payments

Current account (FI billion)



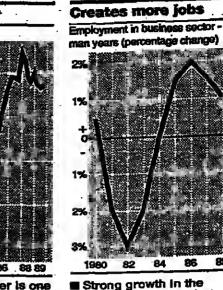
1980 82 84 88 88

Trade plays a far bigger role in the economy than almost any other country. Despite a large deficit on invisibles, the Netherlands has run a current account surplus since 1981. Last year this amounted to 2.7 per cent of nationel Income end is expected to rise gradually to around 3 per cent by 1994.

The surplus is not as big proportionately as that of West Germany or Japan, but the Netherlands is one of only a very few EC countries to run a persistent surplus.

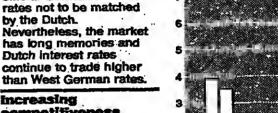
14

Low inflation Percentage change UK, Scandinavia and Japan. Investment boom Gross Industrial fixed inve (percentage change)

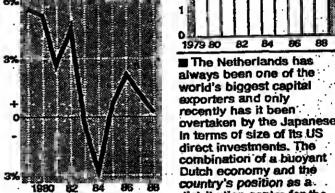


The Dutch guilder is one of the strongest currencies population aged between 16 and 64 has meant that in the world, and its the Dutch labour force has fortunes are linked closely been growing faster than average and this is one to the Germen mark. On only a couple of of the reasons for the occasions over the past decade has the Gullder relatively high unemployment rate. been allowed to devalue against the DM and both Attracts substantial times it was regarded as a mistake. It is highly









Over the last five years, Dutch unit labour costs have risen by about 6 percentage points less than those of its main competitors. This has led to a considerable improvement in the competitiveness of Dutch

84

other Industrialised

Investment volume

than 6 per cent in the

OECD area, and the share

production has also shown

of investment in national

the fastest growth rate.

National debt

FI billion

250*

50

the growth In industrial

countries.

86

10%

86 88

the revenues from natural gas, the country's main natural After the USSR, the US and After the USSE, the US and Canada, the Netherlands is the world's fourth largest pro-ducer of natural gas. It pro-vides over half of Dutch energy consumption, com-pared with an average figure of 20 per cent in Western industrialised countries, and around 40 per cent of animal around 40 per cent of annual production is exported to West

Germany, France, Belgium

Germany, France, Dergram and Italy. The heart of the industry remains the giant Groningen gas field which was discovered in 1959 and still remains one of the world's biggest fields, holding around 60 per cent of After the USSR, the US and Canada, the

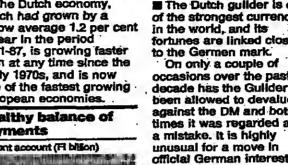
Netherlands is the world's fourth largest producer of natural

> gas, writes William Hall

the country's gas reserves. It is used as a back-up reservoir for the rest of the industry and production is either raised or reduced depending on the output coming from the newer and smaller offshore fields. However, Datch production, which peaked at over 100 bn cubic metres in 1976/77 has been steadily declining and been steadily declining and last year totalled a shade under 67bn cubic metres. This factor, when combined with the fall in the oil price (to which the gas price is linked) explains why last year's natu-ral gas revenues of FI 7.3bn were no more than a third of the near vacched in 1995.

the peak reached in 1985. This year they are expected to fall to a shade over FI 6bn before gradually starting to gradually increase once again. The Dutch Government is able to re again on the industry provid-ing Fl 25bn per annum of revenues for a very long time to come. Whereas in 1985, natural gas royalties were equiva-lent to 4.2 per cent of pational income, the percentage had dropped to 1.3 per cent last Having said that, natural gas remains e key element in any assessment of the Nether-Ally assessment of the neutri-lands' long-term potential. Admittedly, the country is only finding roughly half as much gas as it produces each year, but if the Dutch were to find no more gas from tomornum no more gas from comor-row, the country would still have enough gas for the next 35 years. Proven reserves of 1770hn cubic metres, plus another 500hn cubic metres of likely discoveries, provide a very comfortable energy cushvery comfortable energy cushion







Being Dutch is not enough

NOT IN INTERNATIONAL BANKING

The Dutch have a worldwide reputation. For being good, astute businessmen, We're proud of this. But we also know that it's just not enough. Not in the world of international banking which grows daily more complex and sophisticated.

Today, AMRO has an international banking capability precisely tuned to institutional, commercial and corporate needs. Indeed, we are built around them.

Why not get in touch and test our competitive edge. We've got all of the Dutch business virtues as well.

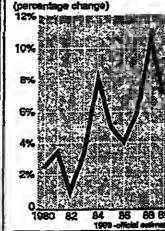


BASLE BEIJING BERLIN BERNE BOMBAY BONN CHICAGO COLOGNE COLOMBO DORTMUND DUBAI DUSSELDORF FRANKFURT GENEVA HAMBURG HONG KONG HOUSTON JAKARTA LONDON LOS ANGELES LUXEMBOURG MOSCOW MUNICH MUNSTER NETTETAL NEW YORK PARIS SINGAPORE SYDNEY TAIPEI TOKYO ZURICH

84 86 The Dutch have been far more successful than many countries in curbing Infletion which was running at over 4 per cent per ennum in the 1960s and more than 7 per cent In the 1970s.

Continued wage restraint over a prolonged period coupled with steady growth in productivity has meant that the Netherlands hes one of the lowest inflation rates traditionally. Last year, only the Japanese had a lower Infletion rete than the Dutch, although the Dutch performance has been flettered by the lowering in VAT rates.

Export - led growth Export volume excluding energy



Dutch exports are equal to those of Switzerland and

Sweden combined end almost the same as those of the Soviet Union. The strength of the doilar and the upturn in world trade has clearly heiped considerably given

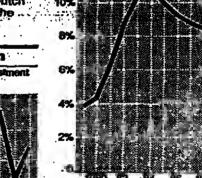
the Netherlands role as the distribution centre of Europe.

Sources: FT Statistics Dept. Graphics by Robert Hutchison

1980 82 84 86 . 88 One of the mein areas where the Netherlands has lagged behind its neigbours has been in cutting the size of its public sector.

Although, the central government financial deficit has fellen from 10.1 per cent of national income In 1983 to 6.5 per cent last year, e combination of declining gas revenues and cost overruns on public spending

and the second second



distribution centre for the

EC has led to e surge in

toreign investment.

Unemployment

Percentage

There is considerable disagreement about what is the correct measure of unemployment. Up until the end of 1988, the official series was calculated from workers who were looking for a job of 20 hours or 88 more e week and registered at labour. Industrial Investment has offices. Under this been more prolonged and procedure there were more substantial than in 682,000 unemployed in 1988. However, recent surveys suggests that Over the last five years there are significant measurement errors and 25 to 30 per cent of (excluding dwellings) has registered unemployed averaged nearly 8 per cent have some kind of paid per annum, egainst less job, albeit temporary. On this basis the high

number of unemployed has

Percentage of GNP

603

50%

40%

30%

207

107

88

been cut by more than a third to 435,000.

1990 82 84 86

than doubled as a

1980.

programmes has meant

that the Netherlands' net

national debt has more

percentage of the gross

Among its industriel

Belgium have worse

competitors; only Italy and

ratios. The resultant steady

rise in debt servicing costs

means that the euthorities

have little choice but to cut

their borrowing over the

medium term,

national product since

It is highly unlikely that the Datch will ever find another field comparable in size to Groningen, but discoveries continue. By the same token, domestic natural gas consump tion is unlikely to change very much, since 99 per cent of all Dutch households are already connected to the distribution

Proven gas reserves,

provide a very

comfortable energy cushion.

network, compared with less than 50 per cent in West Ger-

many. The Dutch natural gas industry is reasonably mature and although it remains the biggest exporter in the EC, the

Norwegian industry is increas-ing in importance. The success of the industry has not, however, hard com-placency and even though Dutch energy policy stresses long-term stability, this is because it is the best environ-ment in which to develop and finance new discoveries both in the Netherlands and else where.

The hig worry for the energy officials in the Hague is that the EC might disrupt the sta-tus quo. This could be trying to create greater price compe-tition or by introducing new common carrier rules which could disrupt long-term gas

supplies. The big question for the Dutch gas industry is whether the advent of the single European market in 1992 will involve a dramatic rewriting of the rules which have governed the industry since early 1960s. the

For the Dutch, at least, this is a much higger threat than competition from new Russian or Norwegian gas supplies.

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The political scene

Socialists must prove they

can make a difference

want all five of the most powerful seats in the 15-member cabinet as part of their seven-seat allotment. The five-member "inner cabinet" comprises Prime Minster and ministers of foreign affairs, interior affairs, finance and defence.

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Perhaps the most crucial question of the cabinet formation is whether Mr Onno Ruding, Finance Minister, will stay on. He is thought to want to keep his job, in contrast to his earlier statements, but Labour is insisting on having that DOGL

As Finance Minister for the past seven years, Mr Ruding was architect of the austerity policies that have helped fuel economic recovery.

He hinted a year ago that a higher-paying job in the pri-vate sector - such as in banking, from where he came would be ettractive. But the Christian Democratic Minister is believed to have changed his mind, in no small part because he wants to remain chairman of the International Monetary Fund's interim committee, its policy-making arm.

Other Christian Democrats are likely to return, including the Foreign Minister, Hans van den Broek, and the Economics State Secretary, Yvonne van Rooy. Mr Bert de Vries, the Christian Democrats' negotia-tor in coalition talks and former Parliamentary whip, is also a likely candidate.

Givan Mr Kok's relatively short stint in politics and trade union background, he might find the Labour portfolio the most suitable. Mr Thijs Wöeltgens, Labour's financial specialist and Mr Kok's right-hand man in the coalition negotia-tions, is probably aiming for the Economics portfolio.

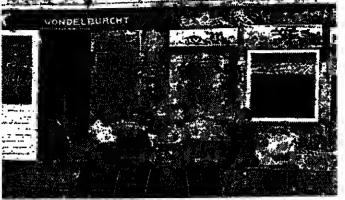
ware company.

After suffering in the political wilderness, many Socialists are only too happy to return to the casis of The Hagne.

Welfare system

Debate over big tax burden

The second second second second



Elderly residents playing cards in Vondel Park, Amsterdar The cost of the revered welfare system is high.

ever that it must move more in step with the EC to avoid **GOVERNMENT** formations offer Dutch politicians a jeopardising international golden opportunity to debate one of their favourite topics: competitiveness. The public sector is about 59 the optimum size of the welper cent of GNP, the biggest in the EC and second highest of the Organisation for Economic fare state. They are relishing

the chance now. The Christian Democrats and Socialists are dickering over how much more should ment's 24 members, behind Sweden. Social spending as a share of national income is the be spent on social services now that the era of severe ecohighest among the 12 EC mem-bers - 28 per cent - and is forecast to slip only to 27 per nomic austerity is past. Mr Bert de Vries, the Christian Democrats' negotiator in the coalition talks and former Palcent by 1993. The Dutch also are saddled iamentary whip, once said the public sector should never shrink below 60 per cent of the

it has just slipped below what has become known as the "Bert Norm" and the question facing the governing partners is how much it can be fattened up. Labour clearly wants to lavish more resources on the revered welfare system than the Christian Democrats, but a compromise is expected.

Where the system was pruned in recent years it will be fleshed out again, but big reases are unlikely.

"Income differences must nerrow," asserted Mr Wim Kok, the Labour Party leader, asserted during the election campaign. "The lowest incomes get the least - and the highest the most." Income differentials in the Netherlands are among the

narrowest in the European Community, But with a uni-fied Europe just around the corner after 1992, the Nether-

Continued on page 4

NOW THAT the Labour Party seems likely to return to power after more than a decade in opposition, the Socialists must prove they can make a differ-**KEY FACTS** ence. The Christian Democrats and Socialists are expected to round off talks soon on a new

Deputation of the Netherlands: 14.75m. Area: 41.900 so.km. Prime Minister: Mr.Ruud

Purchasing power parities in 1987:12,252 W.Germany: 13,323.

France: 12,803 1987 1.6%

1978-88 average 1.4% 1987, -0.7% 1978-88 average, 3.1%

S exponential US\$98,581m. 1987, US\$86.970m Merchandise imports: US\$90,410m 1987.\$81.809m Current Account Balance:

gold: US\$15,818m, (at end of Aug. 1989) -Principal exports of total:*

Machinery and transport equipment, 22.1 x% Food, drink tobacco: 20.0% Chemicals, plastics: 18.9% Principal imports of total:" Machinery and transport ... equipment, 29.0% Food, drink, tobacco, 13.7%

Fuels, 9.4%. percentage of total: West Germany 26.2% Beigium-Luxmb'g, 14.7% France 10.8% Britain, 10.8%. EC total 74.7% (% of total);" West Germany, 26.3% Belgium-Lux, 14.7% EC total, 64.4% equals 100 cents. Average exchange rate:* \$1 = 1,9766, £1 = 3.5156

"Figures for 1988...... Source: Sue Cockerill, FT Statistics Department.

E

muscled out of power by the big, mainstream parties. The Green Alliance is a new group of four small, left-wing parties - excluding the Greens

centre-left Coalition Govern-ment, to be headed by Mr Ruud Lubbers, who will serve as Prime Minister for the third But Labour's seeming victhe 1960s political reform. Led by the clever and witty Mr Hans van Mierio, the party

and to the gains of other leftist parties - Green Alliance and

Merchandise exports: "

1988, + US\$5,310m 1987, + US\$3,540m Total reserves, minus.

Main source of imports,

which favours radical action on the environment. The Green Party have has never really thrived because its potential constituency is split among a half dozen left-of-centre parties. Democrats 66 are an intellectual, slightly left-of-centre party that grew out of

time but Labour s Scannig the tory is an ambiguous one and is largely due to the losses of the Liberals - former partner of the Christian Democrats -

Democrats 66. Labour itself lost three seats in the early elections on Sep-tember 6, in spite of the prag-

matic appeal to voters by Mr Wim Kok, the party's leader. As a result of its losses, narrow economic manoeuvering room and Mr Lubbers' enormous appeal, Labour will have difficulty in exercising the influence it would like. Con-ventional wisdom is that a centre-left coalition will follow a relatively similar path to that of the centre-right one over the past seven years.

Distribution of seats in Parliament: 1989 figures. (1986 figures in brackets): Christian Democrats: 54, (54). Labour: 49,(52) [] Liberals: 22.(27). Democrats 66: 12,(9). Green Alliance: 6,(3). D Small right-wing parties: 6,(5). Centre (extreme right): 1,(0).

Mr Lubbers will be in a position to call most of the shots in the next cabinet, as his Christian Democrats remain the biggest party in Parliament, the Socialists must prove their new flexibility, Green Alliance and Democrats 66 have been barred from coalition talks. and the nature of coalition politics blunts confrontation. The Christian Democrats are the swing party in Dutch poli-tics, participating in every coalition. But the Dutch are

tilting slightly leftward. More specifically that means toward "Green" and neo-leftist parties, which scored the heftiest gains in the election but have been

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Mr Wim Kok, Labour Party leader: facing a tough challenge emotion more money for the environ-The election results suggest

1.00

that the Socialists are still struggling to define a new philosophy and identity in step with the times. Systematic soul-searching since 1981 when Labour lost nine seats, the most ever - seems to have left many questions unanswered

takes well-reasoned positions that follow logic rather than

Mr Kok took over the party reins in 1986 with the aim of

ment, unemployed, education and health-care. Their succes depends to a great deal on Mr Lubbers, who has risen to the level of a political sun king, wielding royal power because of his immense popularity and Christian Democratic strength. His first seven years already made him the longest reigning Prime Minister since 1958 and now he is heading for a pos-

he ait

injecting fresh blood after 20 twar record. His Christian years of leadership under Mr Democratic Party remained the biggest in Parliament in the Joop den Uyl. A novice at the time and a former labour union leader, Mr elections, virtually guarantee-ing him the Prime Minister's job for a third term.

Kok has transformed the Paradoxically, the Christian Socialists into a plansible gov-erning partner for the Chris-Democrats are at the apex of tian Democrats, but the sacri-fices have been great. Labour agrees that the huge govern-ment budget deficit must be cut, some fiscal discipline must their power at a time of a religious nadir. Less than 50 per cent of all Dutchmen profess a religious affiliation, the first time in history that church affiliation has failen below be maintained and taxes canhalf, according to Mr Maurice not be too much higher than those elsewhere in the Eurode Hond, of the Inter/View public opinion polling firm. Mr Lubbers' attraction is pean Community. But to justify their existence

that his Christian values underly "no-nonsense" policies and a business-like style. His rugged good looks and heavy beard have not hurt him at the the Socialists must fight for polls, either. Most importantly the 50-year-old, wealthy Rotterdam industrialist shrewdly exercises power in a way that is palatable to the egalitarian

He shuns the trappings of office - living in Rotterdam in a distinctly modest house, compared to most government leaders, dashing about without body guards and engaging in charming self-deprecation. This lack of chauvinism

probably explains why Mrs Margaret Thatcher, Britain's strong-minded Prime Minister, is rather enamoured of Mr Lub bers. The peculiarity of the pol-itics scene - all Dutch governments are coalitions because no single party is big enough to rule alone - narrows the margins of difference.

margins of difference. Mr Lubbers is a master of compromise, usually getting his own way while allowing the opponent to save face. Rarely has his deft hand been more visible than in the talks to forge a new governing accord for the next four years. First the Democrats 66 were First, the Democrats 66 were

ased out of the discussions. Then the most divisive issues - euthanasia and equal treatment - were shelved for the time being. After that, a bud-

getary framework to Mr Lub-bers' liking was agreed. He is also taking great care in cabinet appointments, since Dutch Prime Ministers, unlike their counterparts in other European countries, cannot dismiss ministers. The Christian Democrats

Mr Kok has shied from making rigid demands for cabinet posts in his concerted attempt to get Labour into government. But he presumably will be appointed Vice Premier, a title which can be held by any minister.

Other Socialists have felt lit-

tle inhibition about publicly lobbying for a job in The Hague. Mr Arie van der Zwan, a former head of the National Investment Bank who recently quit Vroom & Dreesman in a huff, and apparently could be pried away from his job as head of World Software, a Dutch-based computer soft-

Laura Raun lands is more mindful than

with the heaviest burden of taxes and welfare premiums in the Community. The biggest tax cuts in postwar history nearly Fl 5bu - were sup-posed to take effect on January I, 1990, but have been thrown into some doubt by the Socialists. Even if the reduc-

tions go through, the Netherlands would still have the highest tax-and-premium burden in the EC in the 1990s because other members are

Co-operation and Develop-

cutting their rates. Critics worry that the Netherlands may suffer a "brain drain" when the EC borders open wide because highly skilled Dutchmen will seek countries with lower taxes to obtain better pay. Fin-ancing the welfare state is par-ticularly onerous - because so few people work to pay for it. Only 49 per cent of the adult population has a job, the sec-ond-lowest participation rate in the EC, behind Ireland.

Relatively few women work

III

We've cleared the way for quiet driving.

More and more plastic is being used in cars these days. But plastic rubbing against plastic gives the same squeaking sound that mice produce.

To solve this problem, silicone oil was added to the plastics. But that had an unfortunate side-effect. It meant that you couldn't achieve deep, bright colours. The oil came to the surface and caused a dull mat layer.

At DSM, one of Europe's largest chemical companies, we found the ideal solution. Our researchers developed a special plastic which met all the requirements.

It can be given any colour - exactly. It is impact-resistant, retains its colour, has an extremely long life, and can stand up to heat. Welding, painting, and gluing offer no problems. And that irritating squeak - for that's what it was all about - simply doesn't occur. So, although you will find more and more plastic in your car, you will now also find more peace.

DSM D If we don't have a solution, we find one.

THE NETHERLANDS 4

Welfare state

IV

Continued from Page 3

outside the home: only 42 per cent compared to 52 per cent in West Germany and 62 per cent in the UK. But massive worker disability is the most intractable problem. About 724,000 people claim disability efits and that figure could climb to 1m (out of a total population of 15m) by 2000.

The number of disabled is about double the number of unemployed - 376,000. Taxes and welfare premiums boost wage costs, which are the heaviest of the Tweive. But the Dutch argue that their high labour productivity, beefed-up by heavy business investment in recent years, will enable them to pay for the expensive welfare system without losing their competitive edge.

Due to the huge budget defi-cit state debt will climb to 90 per cent of GNP in 1990, according to government budget forecasts. The Christian Democrats and Socialists have agreed to pare the gaping defi-cit but that will be made more difficult if economic expansion slows, as expected.

With wage demands escalat-ing to 3-5 per cent and interest rates climbing, inflationary pressures seem to be building. Health-care costs also seem to be rising faster than previ-ously expected, fueled - in part - by a rapidly ageing population. The caretaker government had reckoned on annual growth of 1 per cent, but the new cabinet may face increases of as much as 2 per cent, according to the Social-

One thing is certain: the Dutch have no intention of allowing their carefully nurtured welfare system to be dragged down by "harmonisation" with lesser systems in the EC. Integration of 12 extremely diverse systems is ont of the question for the foreseeable future since the Single European Act skips over social security systems. This insulation well-suits the

Laura Raun

Industrial renaissance A COUPLE of raw statistics give a clue to the current robust health of Dutch industry. The tonnage passing through Rotterdam, the world's biggest port, rose by 8.7 per cent in the first half of 1989, whilst the number of passengers passing through Amsterdam's Schipol airport was up by 7 per cent. Both are sensitive barometers of the level of activity in the Dutch economy and the readings are more encouraging than they have been for a very long time. Not surprisingly, the news coming out of the corporate sector has been equally upbeat. Even though inflation is running at around 1 per cent, cor-

ning at around 1 per cent, cor-porate profits are growing by 25 per cent this year and Pier-son, Heldring & Pierson is fore-casting a 10 per cent growth next year led by sectors like insurance, publishing and food

Manufacturing industry output which had been growing at an average 1.5 per cent per annum between 1981 and 1987 grew by 5 per cent last year. And in core Dutch industries like food, drink and tobaco, and chemicals, capacity utilisa-tion is higher than it was in the late 1960s.

and drink.

The share of investment in national product has shown the fastest growth rate within the OECD and relative wage costs have been growing noticeably more slowly than those in West Germany, the Netherlands' principal competitor in international markets. As a result, Dutch compa-nies have been gaining market share, particularly in West Germany which takes 30 per

cent of Dutch exports. Traditional Dutch companies, which in the US would be tagged "rust bowl" industries, have been reporting dramatic profit improvements.

Hoogovens, the steel giant, resumed dividend payments last year and helped by a combination of massive investment, good volume growth and price increases has been recovering strongly. Akzo and DSM, the two leaders in the Dutch chemicals industry, have also been recovering and the fact that the Dutch Government was able to sell two substantial stakes in DSM - the biggest equity offerrings of their kind in the Dutch market - is testimony to the improvement in international confidence in one of the more cyclical parts of the Dutch economy.

Fokker, one of only a handful of European commercial jet manufacturers, which had to be rescued by the Dutch Government a couple of years ago, has been benefiting greatly from the boom in international jet orders

Nedlloyd, another famous name which went through a very rough patch, has seen its profits recover to such an extent that it can once again

Corporate profits are growing by 25 per cent this year

afford to invest heavily in ships. The profit growth of stocks like Elsevier and VNU, the publishers, continue to stand out and even stable blue chips like Unilever and Heineken have been reporting profit increases of 16 per cent. Traditionally. the Nether-

ds has been an agricultural and trading nation. Industrial-isation started much later than in other developed countries and only really got under way after 1945.

The discovery of gas and the growth of Rotterdam as a major entrepot centre for oil led to the development of a huge refining and chemicals industry which continues to be

far larger than justified by the domestic needs of the local economy. However, the jump in energy prices in the 1970s pushed up the cost of energy-intensive products in which the Dutch specialised and lower demand led to substan-

tial overcapacity in areas like artificial fibres and chemicals. These problems combined with the failure of the Government's strongly interventionist industry policies throughout the 1970s depressed the indus-trial base. But an industrial renaissance is now under way and manufacturing now accounts for a fifth of the Dutch economy, both in output

and employment terms. The question now is whether the renaissance is permanent or whether Dutch industry will once again run into serious problems in the next global recession. This is clearly a worry or else the shares of firms like DSM would not be selling on multiples of 4%

times next year's earnings. One of the easiest ways to gain a feel for the long-term health of Dutch industry is to take a straw poll of local fund managers and ask them which companies they could tuck away in their portfolios and forget about for the next decade. The answers are revealing. Of the five Dutch multinationals - Royal Dutch Shell (oil/refining) and Unilever (food processing - are the only two consistently regarded as good long-term

holdings. The others - Philips (electri-cal goods) and Akzo and DSM (chemicals) - are less well-re-garded either because of their vulnerability to highly cyclical industries or the competitive threat from low-cost producers from the East. Similarly, KLM and Ned-

lloyd, the country's two biggest transport stocks, are not rated highly, despite the country's obvious advantages in transportation; and the banking sector is not thought to be big enough to take advantage of the opportunities of the single European market,

The recent breakdown of the Amro/Generale de Banque merger only served to highlight the problems on this score since the issue of scale, which the merger was sup-

posed to address, still persists. By contrast, insurance stocks like Nationale Nederlanden, Aegon and Amev are thought of as beneficiaries of any move to a single market in financial services, and Heineken has one of the world's best brand names, which will ensure it can compete. In addition, some smaller companies like Buhrmann-Tet-

trode and HBG are trying to ensure that they are victors rather than victims in the sub stantial industrial regrouping now under way in several neighbouring countries. As long as Dutch wage-cost

continue to rise less rapidly than the competition, the wor-ries about the future of some of these household names will remain subdued. However, talk to Dutch industrialists and civil servants and there remain a number of concerns which go beyond the simple question of relative wage costs. The most visible is the

changing economic structure of Europe. The centre of eco-nomic gravity in West Ger-many, the Netherlands' most important market, is moving south and the distribution network is no longer on the back doorstep. By the same token, the fastest-growing markets in Surope are in countries like Spain, where Dutch exporters

are under represented. Other worries are less press ing but no less real. A rela-tively small number of firms play a very large role in five key exporting areas - chemi-cals, refining,food processing, consumer electronics and metals. This explains why the Dutch authorities are so obvi-ously concerned about the

future financial health of a firm like Philips. For multinationals like Shell and Unilever, the Netherlands is a very minor part of their business and there must always be a fear that in any

restructuring of European business, the Dutch will gradually end-up with a pile of face-less subsidiaries whose longerterm fortunes are determined by directors in Cleveland and Tokyo, rather than Eindhoven or Utrecht.

William Hall The Christian Democrats and Socialists, in their govern-

Bold plan to clean up the environment

ing to spend even more on

petitiveness could be hurt, especially in the barrier-free

Europe after 1992. This warning has been issued by the Finance Minis-try, the Central Bank, employ-

ers' associations and Organisa-tion for Economic Co-operation

Moreover, racing ahead of European Community norms is

dangerous. The Dutch won their battle against Brussels for tax breaks on "clean cars."

but radical moves are likely to

encounter resistance. Manoeu-

vering-room is further limited.

Preservation of nature has

ecology

unemployment.

and Development

MOST countries are paying lip service to the need to clean up the environment. But the Dutch are pioneering in efforts to dramatically reduce pollution as well as totting-up the price tag for achieving their

ambitious plan. The National Environment Pian, unveiled last May, sims to drastically reduce all pollution over the coming 20 years at a total cost of around FI

Cumulative investments over the two decades could amount to snother FI 350bn.

The blueprint for preserving the ecosystem is perhaps the most comprehensive and intemost compensative and inte-grated plan in the world and will be a top priority for the new government. The Nether-lands already spends 1.34 per cent of its gross national prod-uct on the environment and is the order of the 10 for the only one of the 10 top industrialised countries to have increased such outlays in t years.

The new government will face two major dilemmas: pay-ing for the "green plan" and preserving the Netherlands" international competitiveness while elegating up reliming while cleaning up pollution. Moreover the ambitious plan was conceived at a time of buoyant economic growth, by forecasts of slowing ecowhen purses open more quickly, but may be executed nomic growth and commitments by the Christian Demo-crats and Socialists to pare the government's gaping budget at a time of less expansion. The costs of combatting pollu-tion would be offset by some economic gains, for example, rom energy conservation and taken on a tone of great new environment-friendly industries. Such benefits could perhap

urgency over the past year. In September, 1988, Queen Beatrix blithely claimed in her annual equal the costs - 14 350m -depending on energy prices. Mr Ruud Lubbers, who will continue as Prime Minister, noted during the recent elec-tion campaign that caring for. throne speech - which was, as usual, written by the Prime the environment will require sacrifices. He told fellow mem-bers of his Christian Demo-

cratic Party that the task was a moral obligation. "Environmental efforts are part of our stewardship," he insisted. "It will demand muchfrom society." Parliament is expected to approve the ecolog-ical blueprint next year and strengthen it in the proce

A not-so-strange move gique, but this may be no bad thing.

Minister - that the Nether-lands' air and water were getting cleaner. This assertion so shocked her countrymen that a red-faced Mr Lubhers had to

deficit.

admit pollution was a problem of potentially catastrophic proing accord being drawn up now, are laying the broad financial framework for the portions. plan. During the recent elec-tion campaign all the political parties vied to prove their "green" credentials by promis-

In her Christmas speech (which she pens) Queen Bea-trix issued a cataciysmic warning of ecological doom if nothing ware done to tackle. pollation. - -

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The divisive point is exactly how to share out the bill, given "Green issues" then took on even greater political signifithe competing priorities - wel-fare, education, health and cance after the collapse of Mr Lubbers' Christian Democratiberal-coslition government The combined burden of last May. The Liberals, junior taxes and welfare premiums in the Netherlands already is the coalition partners, opposed the scrapping of a tax break for car the resident and a second highest among industri-alised countries. If the burden increases - due to "green taxes," for example - the country's international com-patitiveness could be burt. commuters in order to help

pay for the expensive Environnt Phan In the early elections on September 6 the right-of-centre Liberals took a drubbing. This is not to suggest that the valiant Dutch are willing to leave their cars at home. On the con-trary, all the political parties steered a wide berth around

any talk of dramatically rais-ing costs of driving. The Dutch are perhapsobsessed with the environment because their small country is so densely populated and one-third is covered by water.

Because of its geographical location, about 60 per cent of all polintion comes_from abroad. Toxic chamicals are blown over from heavy indus-try in the UK and West Germany.

In Rotterdam, the Rhine River annually dumps 10m cubic meters of silt that is so contaminated it cannot be deposited at sea but must be stored in a special sump.

Under the Environment Plan air, water and soil pollution would be radically reduced by 20-90 per cent by the year 2010. Regulation rather than the price mechanism would be used to achieve the goals.

Continued on page 5 Holland Brookside Metal B.V. Drenthehaven 24 3433 PB NIEUWEGEIN HOLLAND Tel: 03402-66774 Fax: 03402-66680 Telex: 40555 . . has been trading all

joined the EC.

Manufacturing now accounts for a fifth of the Dutch economy

A fine track record AEGON is among the top terr insurance companies in Europe. In the USA we are one of the top twenty life insurers and rank among the top 10 US non-mutuals.

Growth over the last five years has been impressive: revenues up 47%, total assets up 78%, earnings up 71%, dividend per share up 84%.

In 1988, total revenues increased 12% to Dfl. 10,241 million, while net income rose 15% to Dfl. 389 million. And the progress continued in the first half of 1989, as earnings went up by 22.1% and revenues by 16.7%.

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IT IS rare for a major UK clearing bank to recruit a top execu-tive from outside its own ranks, and even rarer for an overseas banker to be appointed directly to the bank's main board.

GEORGE LOUDON

Consequently, last year's arrival of 47-year-old George Loudon from Amro Bank to head Midland Bank's international and investment bank-

nonal and investment pank-ing-arm raised a few cychrows in the City of London. After all, Amro Bank is a smaller and less profitable bank than Midland and its track record is not much bet-ter. However, George Loudon'e move is not so strange by Dutch standards. The small size of the country and its size of the country and its major trading ties around the. world, have meant that its bankets tend to be more inter-nationally-minded than the

Raglish. Horman van der Wyck, a joint chairman of S.G.Warburg, Bill Siee of Schröders and Hans de Gier of Swiss Bank Corporation, are just some of the Dutch bankers who have slot slot



George Loudon: as is tional as they come.

ted easily into London banking circles

George Loudon is as international as they come. His ances-tors were Scots, he was born in New York, educated at Balliol College, Oxford, and Washing-ton's John Hopkins University, and has an English wife. He speaks French, German and Spanish, and comes from a

family which has produced several international merchant bankers, a former chairman of Royal Dutch Shell and the current boss of Akzo. He joins Midland Bank at a critical time in its history. It is

a bank which has had more than its fair share of problems and management upheavals, yet has considerable potential especially in Continental Europe where it is better-posi-tioned than many of its fivals. He is less flamboyant than his predecessor, Herve de Car-moy, a Frenchman who now

heads Societe Generale de Bel-

The Dutch are inherently conservative, and Loudon sees his job more as a concensus-builder rather than a great leader who intends to take his part of the bank in a bold new qualities old non-ferrous direction. metals since the UK

Given Midland's unhappy history in international bank-ing, this view is what it proba-bly needs at the moment.

In addition, he has the added merit of having run success-fully a securities and invest-

Continued on page 5



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Environment plan

Continued from page 4

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Nearly 200 measures would impose stricter pollution stan-dards, higher environmental norms and heavier penalties

for lawbreakers. About 80 per cent of the price tag would be boune by the pollnters themselves consumers, businesses and farmers - and only 20 per cent by the state. Total spending by consum-

ers, business and government to clean up pollution would almost double to Fl 15bn in 1994 from FI 8.3bn in 1988,

according to the scheme. Annual costs would then climb to around Fl 23bn by 2000 and stabilise at F1 32bn after 2010, around 3.5 per cent of GNP.

Costs are almost certain to be higher because many voices, including that of the Prime Minister, are already calling for a "green tax" on energy-usage. Three scenarios are sketched

for the most stringent measures, the least stringent and the medium level.

The plan reckons that a package between the medium and most stringent scenario

"The polluter pays" principle implies that the financial burden will shift away from the government and toward industry and consumers. Some estimates are that industry will pass on as much as two-thirds of its higher costs in product prices to the consumers, though that may be easier at home than abroad.

Of the Fl 8.3bn spent on the environment in 1988 industry accounted for 38.5 per cent, government 36 per cent, consumers 20 per cent and agricul-

ture 5.5 per cent. In 1994, industry will bear even more of the burden - 41 per cent — while consumers will also have to pick up more of the tab — 26 per cent. Agri-culture will cover 9 per cent of the costs and government will be left with only 24 per cent.

The macroeconomic effects The macrosconomic effects will depend largely on which measures are adopted and whether neighbouring coun-tries take similar steps. If the plan scenario, (medium-to-stringent measures), is adopted without similar measures when the 0.2 abroad, then GNP would be 0.2

abroad, then the world by the per cent smaller in 1994 than otherwise, compared to a 1995 forecast by the -semi-official Central Plan Bureau. If other countries take comparable steps then GNP would

be 0.1 per cent higher than forecast in 1985.

First steps in privatisation

Telecommunications

THE DUTCH Government has never been in the vanguard of the global privatisation pro-CCSS.

Since 1983 there have been sales of shareholdings in some 40 companies. The Govern-ment stake in KLM, the Dutch flag carrier, has been reduced, as has its stakes in Hoogovens, DSM and the Nederlandsche Middenstandsbank, But the idea of privatising great national utilities such as water or gas has never been high on the Government's pri-ority list.

ority list. However, an exception has been made in the telecommu-nications industry. This is one of the country's biggest employers and the develop-ment of an efficient telecom-munications network is vital, not only because it is a major growth industry, but also because its success is impor-tant to maintaining the tant to maintaining the Netherlands' leadership as the distribution centre of Europe.

It was for these reasons, rather than the need to raise substantial sums of cash, that the Dutch Government has taken the first steps in privat-ising the Netherlands PTT. From January 1st, 1989, it ceased to be a state enterprise and became a private sector company called PTT Neder-

The shares are still owned by the Government but this

cannot disguise the very substantial changes that have taken place. The monopoly of the postal service is now limited to first class mail up to 500 grams and in telecommu-nications the market for valne-added network services (VANS) has been opened up to outside competition.

The same goes for the supply, maintenance and installation of much of the peripheral equipment. The Dutch have not gone as far as the British and licensed a rival operator and PTT Nederland will relatin a monopoly on the provision of the infrastructure. However, the deregulation is clearly designed to improve

competition. It is too early to tell yet whother the process is having the desired effect. But PTT Nederland, the holding company for several subsidiaries, is beginning to sound and behave more and more like a Laura Raun | major private sector company.

Like many of the top execu-tives, the president of PTT Telecom, Mr B.J.M. Verwaayen, was hired away from ITT and

now presides over a company with annual turnover of Fl 7.6bn, operating profit of Fl 1.2bn and an annual investment plan of Fl 3.2bn.

It employs 29,000 staff and its freedom from official its irrection irons original restraint means that it can now tap the international capi-tal markets, and it would not. he a great surprise if, like Brit-ish Telecom, Japan's NTT and Spain's Telefonica, it eventu-ally floated some of its shares on the stork worked.

on the stock market. In terms of profit per employee, it already ranks well ahead of its European rivals and also compares very favourably with the regional Bell operating companies in the US, such as BellSonth, Nynex and Bell Atlantic. The Nynex and Bell Atlantic, The Dutch have a considerable advantage since their country is so compact, but even so, PTT Telecom's productivity – measured by telephone lines per employee – is the highest in the world.

Its prices are also low by international standards and its

international standards and its traffic is growing rapidly, with international call volumes growing by 10 per cent per annum and domestic growth of close to 5 per cent a year. "We have reformulated our basic mission", says Mr Ver-waayen. "So far, we have been a technology-driven company.

technology-driven company. Now we are a service provider.

He faces fierce competition in areas like the supply of exchanges, but PTT Telecom has been surprisingly success-ful in areas such as data commications.

obvious advantages. Its workforce and institutions have The OECD, for one, is worried that there is still the pos-sibility that PTT Telecom may abuse its monopoly position to slow the introduction of more been skilled in international trade and finance over many years, it has a relatively big and growing government bond market, and it has always been cost-efficient services and keep Dirices higher than necessary. It suggests that there is scope for some form of exter-nal constraint to increase the cost councionsness of PTT teleone of the less heavily regu-lated financial centres. italisation, the Amsterdam stock exchange is one of the smaller European stock exchanges but in terms of tradcom. However, Mr Verwaayen rejects the criticism - "they are not fully aware of what we are doing. If you have 6.5m cus-tomers like we have, there are ing volume it is considerably some that are bound to be sus-

picious".

more important. It also is the home of several large institutional investors, ranging from the pension funds of Shell and Philips to William Hall | big money-managers like Rot-

tory developments like Lon-don's Broadgate or New York's Battery Park. There is little

ingly evident in more frenetic financial markets is well-hid-

Amsterdam also has some

In terms of stock market cap-

den, if it is even there.

AMSTERDAM may be one of the smaller financial centres of terdam's Robeco and ABP, the giant Dutch civil service pen-Europe, but it is certainly one sion funds. of the more pleasant. There are no huge, soulless financial fac-

are Dutch banks more internationally-minded than most, but there are 230 foreign compa-mics with Amsterdam listings, and in this respect it is second only to London in importance.

danger of being run down by mobile phone-imgging traders driving red Porsches, and the naked greed which is increas-Foreigners play a surprisingly large role in the markets. They hold roughly 45 per cent of the total market value of Dutch shares and over a third of the subscriptions to new government bond issues have typically come from abroad in recent years.

> Close to a fifth of all Dutch Government bonds are held overseas.At the end of last year there were 43 Dutch banks in which foreign banks held a stake of at least 50 per cent,

However, the very interna-tional nature of the Dutch economy is one of the potential weaknesses of the financial sector, since a growing propor-tion of the trading in Dutch paper, and particularly bonds, has been gravitating towards bigger centres, like London,

It is also one of the most international centres. Not only

Gerrit H de Marez Oyens, secretary general of the Stock Exchange in Amsterdam

65.

which have the advantage of

much greater liquidity. Add in the fact that bigger rivals, like Frankfurt and Paris, and smaller centres like Dublin, are all intent on increasing their share of the European financial services market, and it can be seen that Amsterdam could be vulnera-

The blue-print for the Dutch response is contained in a 35**Banker's move Continued** from page 4

and an end of the

ν

ment banking business inside a commercial bank - a knack which many bankers find hard

to learn. Midland has tried before to Midland has tried before to graft foreign banking skills into the higher echelons of its management team, and has rarely been particularly suc-cessful. However, Loudon may turn out to be an exception. The Anglo-Dutch partnership in companies like Royal Dutch Shell and Unilever shows that it can produce an impressiveit can produce an impressive

ly-strong management mix. But there is another aspect of the international careers or the international categors chosen by bankers like Lou-don, which is more wortying from a domestic Dutch point of view. The Netherlands has one of the highest personal tax regimes in the world and the Dutch are fluent in several for-Dutch are fluent in several for-

eign languages. The result is that Dutch businessmen are often lured away by foreign companie reducing the local pool of available business talent.

William Hali

Amsterdam as a financial centre **City with many advantages**

> page document - Amsterdam: Financial Gateway to Europe - which was published in March this year and put together by a group of partici-pants from the private sector but including representatives of the central bank, ministry of finance, and the stock and options exchanges.

> > It is a modest, but realistic, document which admits that Amsterdam is never going to rival the likes of London or New York but suggests several sensible initiatives which will ensure that it builds on its strengths and remains one of the more important second tier European financial markets.

> > At the Government level it wants the abolition of the tax on all securities transactions and it would dearly love the Dutch authorities to follow the example of the Bank of England and begin issuing ECU treasury bills.

Generally, the Netberlands has a good infrastructure for a healthy financial services industry. Amsterdam's Schipol airport is well connected with

other financial capitals, Rotterdam is a very important mar-

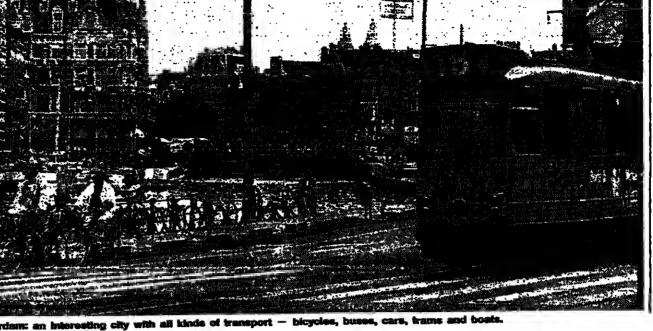
ket for trade finance - the stock in trade of any international bank - and office costs are lower than most.

However, there are weak-nesses ranging from the lack of luxury housing - important for foreign bankers, if not Dutch – and the financial dis-trict suffers from being frag-mented with the headquarters of major banks drifting to the outskirts of Amsterdam where efficient, purpose-built head-quarters, can be constructed.

Amsterdam's role as a speci-alised financial centre is likely to increase. The growth of the Netherlands, and particularly Rotterdam, as the sourcing and distribution hub of Europe offers plenty of scope for devel-oping trade finance, and the Dutch venture capital industry is already one of the biggest in Europe.

Financial processing is another big growth area and there is always just an outside chance that in all the squabbling abont the home of the European central Bank, Amsterdam might win out. There could be far less-desirable locations.

William Hall



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lized the ingenuity of the Dutch in reclaiming land from the sea.

But nowadays some completely different features are appearing on our skyline as a result of modern commercial activity.

Dutch telecommunications facilities are already among the best in the world. And now we are

for our customers' communication needs after 1992. We are ready for the new opportunities which

will unfold as frontiers disappear and as other countries, on a worldwide scale, evolve to become a single internal market.

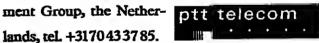
Besides our high-quality infrastructure, in which optical fibre technology and satellite users a wide range of high-quality services. These include speech, text and data, as well as video communications.

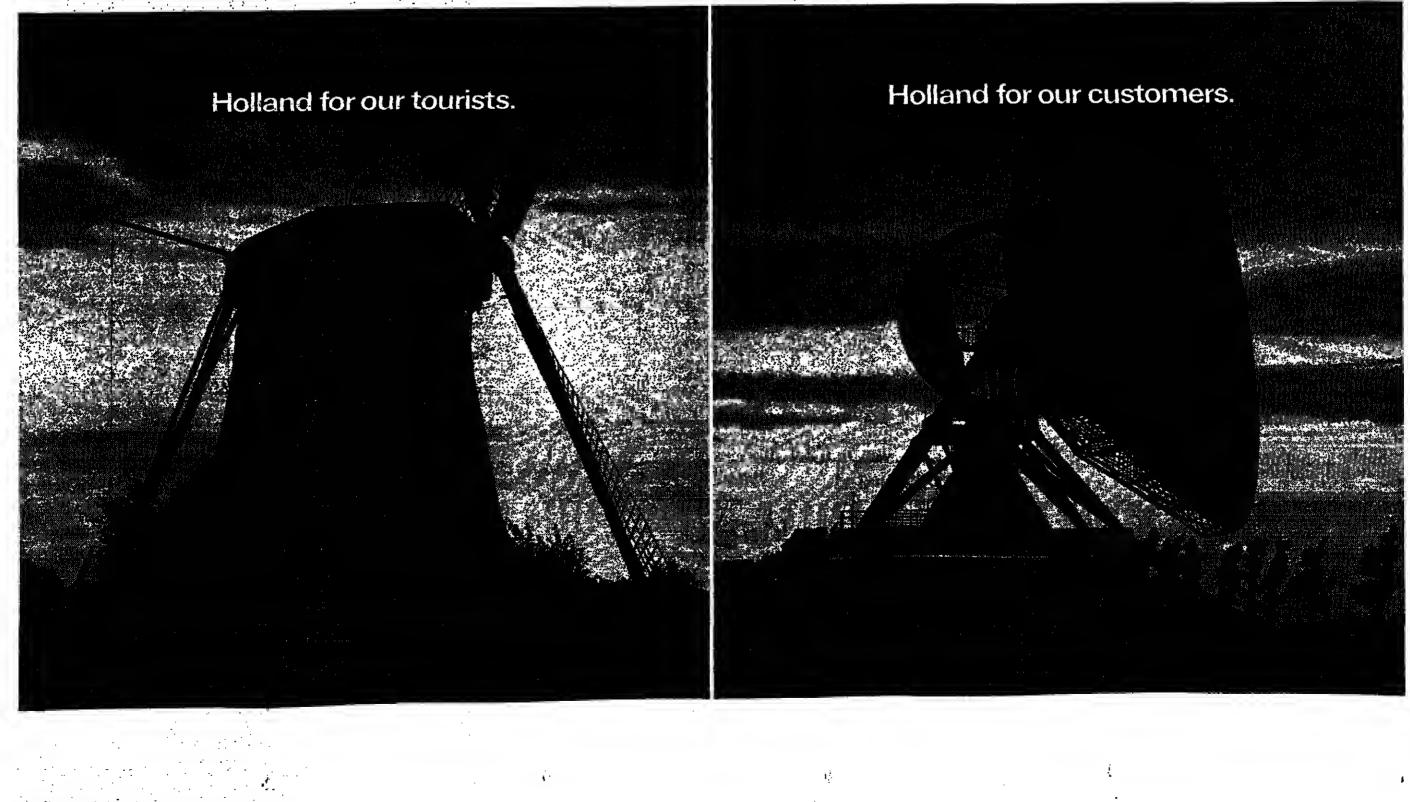
Major international companies even route their communications via the Netherlands to benefit from all our facilities. Our favourable charges are of course an added attraction.

tions, we are changing the skyline of our polder landscape here and there. Still we are, as you can imagine, very fond of our windmills.

For more information please contact our manager International Account and Project Manage-

lands, tel. +3170433785.





us off the screen any longer."

Television advertising accounted for only a pairy 6

per cent of the total spent in 1968, according to the Dutch

Association of Recognised

Advertising and Advice Bur-eaus. That is expected to climb to levels closer to the 38 per cent in the UK and 45 per cent

in Italy, according to Mr Andries Overste, media direc-

Pent-up demand for TV advertising amounte to another FI 400m on top of the

FI 450m funneled through the

government pot to the broad-casting associations. Veronique and TV 10 expect to cut into

bought by the existing associa-tions, but now providing pro-gramming for TV 10.

The new government

is expected to scrap

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THE NETHERLANDS 6 New TV channels compete for advertising, reports Laura Raun

Sponsorship of the arts is rising rapidly, says David Brown

A cultural revolution

JUST as Hollands's era of strict budget discipline seems ready to give-way to a loosening of government purse-strings, its arts establishment is embarking on a new market-oriented

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Long accustomed to the paternalistic (and demanding) umbrella of state support, arts administrators face a far more commercial future - not altogether unwelcome - in which popular response, ticket sales and private sponsorship are the by words of survival. The recent explosion in cor-

porate sponsorship, for exam-ple, although measured from a low starting point, represents a cultural revolution for mod-ern-day Holland. While this more commer-

cial-minded direction has been accelerated by The Hague'e policy of benign budgetary neglect, it has also become permaneut feature in the land-

Government arts-spending, divided roughly equally between central and local anthorities, has been frozen for eight years at some Fl 1.2bn

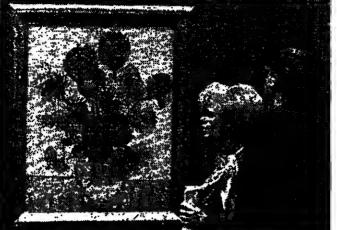
There is no relief in sight. For example, in a few months' time, a broad-ranging re-organisation of the state museums is to be tabled. It will have important implications. While providing directors with important new autonomy over spending, hiring and manage-ment policies, it will also fix "base budgets." Museums will be forced to non-government financing to meet any additional needs.

For smaller museums, with fewer resources to mount the lucrative and crowd-drawing shows, this is a potentially worrying development. The bigger institutions with rich collections and more drawingpower, see the advantages out-weighing the drawbacks.

What is clear is that the process which has seen corporate sponsorship rise from virtually nil five years ago to an estimated Fl 75m a year is set to gain momentum.

"In the 1980s, the sky was the limit," saye Mr Tom Boxma, the Van Gogb Musenm's Director for Finance. "But then, we had to economise; museums were forced to seek private help. Now, the whole eituation is

changing very quickly." Indeed, one of the most stri-



Vieitors at Amsterdam's Van Gogh Museum: 370 paintings and drawings will be featured in the "Van Gogh 1990" event.

"Companies have discovered

television and reproduction

king examples of this trend is the organisation of the forth-coming "Van Gogh 1990" event. with limited entry for specific days and times. Tickets, priced at four times the state-subsi-An ambitious programma, dised norm, will be sold in timed to commemorate the centenary of the Vincent Gogh's death, it promises to be hanks and retail outlets on a commission basis, as well as at the muse "This is all quite unheard of here in Holland," says Mr Frits Becht, Holland's "arts pope" who heads the private foundaone of the major events on the international arts calendar next year.

Unique in a number of ways the programme will include a rare exhibition of the artists' tion organising the entire profusely-illustrated letters. only now that they can do a lot for their image by associating it with art. Overall, the situa-These letters, because of their extreme fragility and sensitiv-ity to light, will "never again be seen by this generation," tion is still quite undeveloped." Mr Becht has, however, man-

explains one organiser. The highlight will be a retro-spective pulling together the essential ocore from around the aged to rope in for major spon-sors for Van Gogh 1990: the KLM airline, tha Douwe Egberts food group, the Dnich Savings Banks' Association; and Heineken, Asshi National world - some 120 paintings and as many as 250 drawings - while a third exhibit will Broadcasting for Japan has paid a "significant" additional ow germinal influences of Van Gogh on the development eum for the retrospective'e of modern art.

But from the business standpoint, the critical issue is how to finance such a costly and rights. Bariler this year, a brilliant retrospective collection of complex endeavour. With art works by the painters Kazimir Malevich, one of Russia'a greatest 20th century artists whose works have languished prices spiralling unwards, the cost of obtaining the roughly Fl 8bn in insurance cover ded the original widely exce estimates

in state vaults for over 80 Remarkably, with the excep-tion of a relatively small cash years, was sponsored by Amsterdam-Rotterdam Bank, contribution form the Govern-Amro has been in the forefront ment, virtually the entire Fl 30m programme cost is being of arts patronage for several VEAYS. Another important shift is raised from private sources, catalogue and ticket sales.

that companies ar slowly mov-The event is being packaged and sold like gala perfor-mances at the opera and ballet, ing from one-off sponsorship limited to individual events to longer-term structural commitThis summer, for example, the Royal Concertgebouw

Orchestra announced an Fl 1.7m sponsorship agreement with four companies (NMB Bank, the DAF truckmaker, Postbank and Douwe Egberts for the entire 1989-90 season. It will permit the orchestra to hire new musicians, bring in guest conductors, and tour exclusive concerts for their cli-

The adjacent Stedelijk and Van Gogh museums are seeking private sponsorship to finance the construction of badly-needed new exhibition wings, and, as Mr Borma put it: "We have no aversion to having, say, a Coca-cola room. Terms should be discussed."

There have been other telling developments, such as the launch of a magazine called "sponsorship" devoted entirely to fostering the link between arts and public relations.

But Mr Becht argues that Dutch companies still have a long way to go - "the mentality is unsophisticated, unlike, say, Italy. You can find fund-ing for big, traditional events. But for anything avant garde it's still more or less impossi ble. the companies ar playing it safe." Moreover, attitudes within

the arts establishment have the arts establishment have also been alow to change – "the director of a hallet com-pany often bas difficulty understanding why he has to spend so much time talling furny little stories to business-

Nonetheless, the atmosphere of today is radically different from that of the egalitarian-Socialist 1980s. Then, as Mr Boxma describes it, "the state, was paying, we were spending, and there were no troubles at

Seen from a historical perspective, or course, corporate sponsorship is nothing new. It harkens back to the days of the 17th century Golden Age, when wealthy burghers financed churches and artwork by the likes of Rembrandt and others. But, as always, Holland is seeking its own, more benign and enlightened version of the broader trend. The Dutch arts establishment is particularly intent on avoiding the pitfalls of dependence that often come hand-in-hand with corporate involvement.

A dramatic change on the media landscape Ve have the talent

COMMERCIAL television has finally broken through the dikes around the Netherlands and is dramatically changing the media landscape. Veroni-que – a commercial channel backed by Radio Tele Luxem-bourg (RTL) and Philips began beaming its signal on October 2

TV 10, a rival backed by Mr Joop van den Ende, the Netherlands' leading TV impressuio, plans to start on October 28. Others seem likely to follow them into the virgin territory, where pent-up demand for TV advertising could enlarge the revenue ple and draw interna-tional media magnates.

Dramatic shifts are expected in advertising revenue, which totaled Fl 7.2bn in 1988 and is growing faster than the econ-ony. The new government is expected to scrap the ban on commercial broadcasting and bring Dutch law in line with a recently-approved European

The Dutch broadcasting system is perhaps the most

complicated in the world

Community directive as early as February or March.

"The Netherlands has been so slow in the media terrain in Europe that it is viewed as a Lurope that it is viewen as a bename republic," complained Mr Loek Hermans, a Liberal MP, during a recent Parliamen-tary debate that helped pave the way for commercial TV. Until October 6, the Nether-

lands was the only Western European country without commercial television. The Dutch broadcasting system is perhaps the most peculiar and complicated in the world. Three public channels carry programmes provided by eight "broadcasting associations" that reflect the religious and political "pillars" of Dutch society.

These pillars are Protestant, Roman Catholic and nonaligned, intersected by liberal and conservative politics. Viewers belong to the broad-casting association which

reflects their views and pay dues to help finance them. Most of their financing comes from TV fees - FI 750m - and advertising: Fl 450m. Dutch law forbids programmes that are financed solely by advertising and those from

Advertising expenditure in the Netherlands in 1988:

Press: FI 3.172m. Television: FI 450m. Other media: FI 496m. Production: Fl 944m. Direct marketing: FI 2,119m. Total: FI 7,183m.

abroad which carry adverts directed at a Dutch audience. A limited amount of advertising is allowed - only 5 per

cent of total broadcasting time (compared to a European average of closer to 20 per cent). But all the revenue goes into a central pot and is shared out among the broadcasting associ-A boly alliance of the associ-

tions, publishers and Christian Democratic Party has successfully kept commercial TV at bay throughout 80 years of debate. They have argued that commercial broadcasting would jeopardise the unique "pluralism" of the system, undermine Dutch culture and pare the way for excessive sex and violence in programmes. Carefully overlooked was the segmier side of Dutch televi-sion, which has offered the family gathered round the set on Sunday evening a none-too-homey graphic portrayal of gay men involved in group sex. The combined assault of the EC and broadcasting technology, however, has brought down the barriers.

On October 3, the European Commission finally sipproved its "Television without Frontiers" directive, which guarantees the freedom of cross-bor-der broadcasting.

Ironically, the directive w originally co-sponsored by Mr Gijs de Vries, a Dutch Euro MP and a media maverick in his own country. Satellite broad-casting technology has ended stars and repertoire of success-the airwave scarcity used by ful game shows previously

governments as justification in-house, the creativity," he enthuses publicly. "We are or heavy regulation of the going to do something with it. We are going to broadcast on October 28. People cannot keep A multitude of direct broad-

casting signals can be bounced off satellites in a U-curve where the signal is beamed up from Earth and mirrored back down again. Every home equipped with a satellite dish can receive the signals, as can those linked to a cable net-

work About 80 per cent of Dutch About 80 per cent of Dutan homes are cabled, among the highest density in the world. Veronique and TV 10 both have used the U-curve to get around the Dutch ban on com-mercial broadcasting. They have set up headquarters, pro-duction and transmission in duction and transmission in Luxembourg to avoid Dutch

la₩. Veronique is casting itself as a European broadcaster with programmes in English, French and German as well. It French and German as well. If has gathered around Fl 200m in financing for the first year. RTL has put up 51 per cent and the rest is from Philips, the

Philips' interest is in promorange interest is in promo-ting high-definition TV, which it views as a highly promising and profitable product for the future. Mr Lex Harding, Veron-ique's general director who sports a designer-stubble beard, predicts that the station will break even by the beginning of the second year if the

revenue spurted up after the station went on the air, he explained. TV 10 has promises of Fl 210m in adverts, accord-

sports and some news are on tha menu. Not surprisingly, ing up financing, having begun with his own production company and venture capitalists but names cannot be disclosed, Mr Overste says.

The flamboyant Mr van den Ende has even hinted of a desire to link up with TROS. one of the existing broadcasting associations for whom he has provided much program-ming. He boasts of a stable of

Laura Raun



the bigger pie as well as siphon-off revenue from newspapers and magazines. Print advertising accounted for an overwhelming 44 per cent of all advertising spending

last year, but that percentage. is expected to shrink. Veroni-que and TV 10 are battling head-on, offering similar fare for an audience that is hardly current trend continues. Veronique has commitments for F1 130m in advertising and

ing to Mr Andries Overste. Mr van den Ende is still lin-

Dutch viewers like Dutch programmes and watch them around 88 per cent of all viewing time, in spite of more than a dozen foreign channels avail-

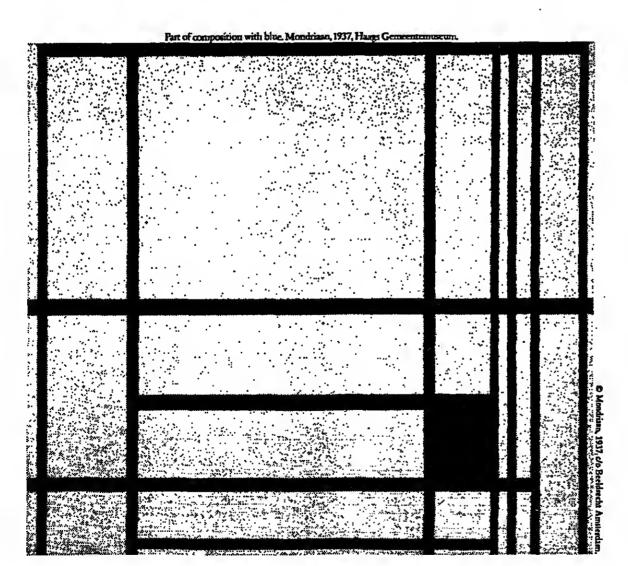
In a unified Europe where the Dutch feel that their language and culture is somewhat threatened, Veronique and TV 10 may find an eager audience.

Lots of amusement and entertainment, a good shot of

expected to grow.

What does this **Dutch artist share** with Rabobank? **Clarity, strength** and vision.

Mondriaan's paintings are characterised by clear lines, and strong use of form and colour, based on very definite views on his art. Similarly, Rabobank has carefully developed its own vision of banking. As Dutch industry grew, so did Rabobank, building up a network of 2,200 offices to become the largest domestic bank. With one third of all Dutch companies doing business with Rabobank. Today, with total assets of US\$ 80 billion, Rabobank is one of the top 50 banks in the world, with offices in major financial centres and ports around the globe. If you are thinking of doing business with the Netherlands, contact Rabobank. You'll find that our darity is our strength.



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FINANCIAL TIMES COMPANIES & MARKETS Thursday October 19 1989



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Unknown quantities come in to BAT

How much interest there will be in today's extraordinary meeting is something BAT indus-tries is finding hard to call. On one hand, the group's partial diememberment, a jittery market for leveraged deals in the US and the San Francisco earthquake — events which could effect the bid threat from Sir James Goldsmith's Hoylake consortium - ought to be a matter of intense investor interest. On the other, there seems little doubt that the meeting will pass motions enabling demerger plans to go ahead. Page 25 . -

Yes Sir, yes Sir 1m bags full



The Australian Wool Corporation is struggling not to have too much wool pulled over its eyes. Heavy intervention buying under its floor-price scheme has lifted its stocks to the 1m-bale merk. This in itself is not a reason for panic. But the situation is being made difficult by a sharp rise in domestic production and lower trade demand for wool. Meanwhile, Gerard McShane is convinced the Poli (hornless) Menno ram he bought at euction in South Aus-tralia is worth the record A\$280,000 he paid. The value of the ram lies principally in its semen, which can be frozen over a long period and used later to produce large numbers of progeny, Page 30

Higher profits on prescription

Three big US drug groups Merck, Ell Lilly and Warner-Lambert, yesterdey reported strong growth in profits in the third guarter of the cur-rent year, as they reaped the benefit of grow-ing demend for a new generation of prescription drugs. James Buchan reports from New York, Page 20

Down to earth with a bump

When Ryanair, the

Whitbread spirits sale

By Lisa Wood in London

WHITBREAD, the UK brewing and retailing group, has put its wine and spirits division up for sale. Brands to be put under the hammer include Beefeater Gin and Long John Scotch whisky.

City analysts estimated that the division, which might he sold as a whole or in chunks, could be worth up to £500m (\$780m).

The company also announced that Mr Sam Whitbread, chair-man, would be taking up a non-executive role next March when Mr Peter Jarvis, group managing director, is appointed chief executive.

The disposal of the spirits divi-sion is part of a strategic review at Whitbread. The division is a

at Whitbread. The division is a relatively small player in a com-petitive global marketplace where the pace is increasingly being set by companies such as Gaimess, Grand Metropolitan, Allied-Lyons and Seagram. The group is also seeking to bolster its brewing activities. Pro-posals soon to be implemented by the UK Government, following the recent Monopolies and Merg-ers Commission report on brew-ing, will increase competitiou in the sector. In September Whit-bread announced it was paying £50.7m to acquire the brewing operations of Boddington, the Manchester brewer of Bodding-Manchester brewer of Boddington's real ale.

The sale of the spirits division sion. will substantially reduce Whit- Ler, Page 16

Apricot to acquire

bread's borrowings of £850m and bread's borrowings of £850m and its 30 per cent gearing. The com-pany's two-filer voting structure of 'A' and 'B' shares - where Whitbread Investment Trust, the company's directors and the Whitbread family account for about 80 per cent of the control-ling 'B' ahares - has meant it has used debt funding rather than rights issues to raise money than rights issues to raise money for recent acquisitions and

The businesses to be sold are Buckingham Wile, a US distributor of Beefeater and agency brands including Cutty Sark Scotch; James Burrough Distillers where assets include Long John, Laphroaig malt whisky, Beefester and the Atlas Peak vineyards in Napa Valley, Calif-

European Cellars, a joint wine venture with Allied-Lyons, and a stake in Britvic Corona, the soft drinks company, are not being included in the sale memorandum being prepared by Baring Brothers.

Whitbread does not break down its spirits profits. In the year ended February 1989, wines, spirits and soft drinks contribnted £35.4m towards group pre-tax profits of £223.2m. Analysts estimate that this year the spirits division will make about 230m of the £42m forecast for the divi-



Renault of France and DAF of the Netherlands are to join forces for the first time to develop a new range of light commercial vehicles to be produced in both France and the UK. The co-operative venture repre-

Mr Raymond Levy, Renault

chief executive

sents a significant new alignment of forces in the European auto-motive industry. It is further evi-dence of the way that the rapidly growing financial burden of developing new vehicles is forcing auto makers into bed with each other creating a complex web of relationships around the world.

It also represents a marked changed in the amhitions of the two companies in the heavy van sector, and would virtually dou-ble their present production lev-

DAF, which was floated on the London and Amsterdam stock markets earlier this year, has been hunting for two-and-a-half years for a partner to share the costs of developing a new van range. It took over Rover Group's Freight Rover van business in the UK as a hy-product of its acquisition of the Leyland truck

operation in early 1987. At that time, Mr Aart yan der Padt, DAF chief executive, committed the group to investing more than £100m in a new van range to replace Freight Rover's ageing Sherpa range, but it was clear from the outset that DAF scarcely had the sales volumes aloue to justify such s heavy systems, and the manufacture of high-performance personal computers ("workstations"). In 1989 it reported pre-tax profits of £6m on expenditure in the face of compe-tition from much larger rivals The new share offering means such as Ford, Volkswagen, and the aggressive joint venture of Flat and Peugeot called Sevel. Renault has made no secret of that the merchant bank Singer & Friedlander, which currently the fact that it is seeking alliances in most areas of its busi-ness as it tries to enhance its

	1986 (estimates)	% change
Ford Transit Belgium	66000	12.4
Ford Transit UK	82000	14.1
Circen C25/Sevel	27200	45.3
Peugeat J5/Sevel	34500	21.7
Fiat Ducato/Sevel	63500	11.4
VW Type 2	101000	-11.7
Renault Trafic	64700	10.1
Mercedes Bremen/T1*	45000	-1.8
veco Daily"	40500	12.1
Mercedes MB Series	23500	112.5
VW LT*	22100	6.1
Renault Master /870	22000	20.2
DAF 200/400	20500	3.4
Nissan Trade	17800	18.5
BC Midi/CF	14500	75.5
Peugeot J9	12200	-13,9
Citroen C35	5500	-16,3
Enasa J4	850	-65,5
Sovern	60	-20,0
Total	663410	9.4



Mr Aart van der Pedt, chief executive of DAF

A Renault and DAF vanguard

Kevin Done looks at the joint venture between the two vehicle groups

chances of survival in the fierce competition expected in the sin-gle European market of the 1990s. The venture with DAF is the second significant product-based joint venture it has announced in the last 12 months and follows its earlier deal with Chrysler of the

US to develop a small four-wheel-drive leisure utility vehicle for production in both Europe and in the US. Last week it was confirmed,

however, that it is also holding far more wide-ranging discussions with Volvo of Sweden. Reports in the Swedish press have anggested that the talks could lead to an eventual merger of the two companies' automotive operations, which would create the world's biggest truck maker, and a new force in the European car industry. Volvo confirmed in a statement that "discussions of a preliminary nature are under way with Renault."

DAF said yesterday that it was confident that any agreement between Renault and another company would not have a detrimental impact on its planned vans joint venture. Renault is the biggest van

maker in Western Barope, but it owes its position chiefly to its success in the light carderived van sector of the market where its Renault Express (sold as the Renault Extra in the UK) is

and are steadily building up a significant local production base. Once a rather staid part of the European motor industry, the van sector has been shaken up in the last decade by the arrival in force of the Japanese light com-mercial vehicle makers. The Jap anese producers have targeted in particular the medium van segment, the preserve of vehicles such as the Ford Transit, the Volkswagen Type 2 Transporter, and the Fiat/Peugeot joint ven-ture products such as the Fiat Ducato and the Citroen C25/Peu-geot J5, as well as the Renault Trafic and Master vans and the

DAF 200/400 range. DAF and Renault, which have completed a six-month feasibility study on the van venture, said yesterday that they had signed a letter of intent for the develop-ment of a new van generation in the range of 2.5 to 4.2 tonnes (gross vehicle weight). A final agreement is expected to be reached early next year. The two companies said that

the £200m development costs of the new product range would be shared equally. The vans will be marketed separately through the DAF and Renault networks in Europe and are expected to be launched in the mid-1990s, per-

hips in 1994. The vans will be produced at DAF's Birmingham plant in the

devoted to product development. It is expected that the DAF products will also use Renault engines and gearboxes, and that there will be a considerable inter-

change of components. Last year DAF produced some 20,500 vans - they are now sold under the DAF 200/400 name, and Leyland DAF 200/400 in the UK while Renault produced 63,663 of its Trafic medium panel van range and some 19,569 units of its

heavier Master range. Renault insisted yesterday that the new vehicle to be developed with DAF would not be a replacement for its Trafic range which carrently starts at 1.7 tonnes (gross vehicle weight), but would fill a heavier niche at 2.5 tonnes to 4.2 tonnes eventually replacing

the Master van range. DAF has been losing van market share in the UK this year despite a significant up-dating of its present product range with the introduction of a new drive train (engine and gearbox), sup-plied ironically by Pengeot, Ren-aplt's arch domestic rival. DAF van output in the UK has

been substantially increased, however, as the company begins to make inroads into continental European van markets for the first time.

DAF has previously been known virtually exclusively as a heavy and medium truck maker. Van output is expected to jump to 24,000-25,000 this year with a UK and at Renault's Batilly plant further increase in 1990. Europe's light commercial vehicle makers have been enjoying record sales and production levels. But the current strength of demand and a promising out-look for the first half of the 1990s has also persuaded European producers to increase capacity, a move which is already raising fears about future overcapacity.

Cards

competed for nasse gers_Air fares fell abarpty and flight evailable ity improved. Now, however, Ryanair is in-trouble. Kieran Cooke explains why. Page 18

destion at WCRS WCRS Group is to reduce its involvement in advertising and expand the more profitable media buying side of its operations. Yesterday the UK company announced a restructuring plan which hinges on the £200m purchase of the 50 per cent WCRS does not already own in Carat, Europe's leading media buying group. At the same time Eurocom, the Paris-based advertising group, will take a significant minor-ity stake in WCRS. Page 25

when Hyanaur, u.e. small, privately-owned trish airline headed by P.J. McGoldrick (left), made its debut four. years ago it caused a. erisation. The much put vices company, is buying infor-mation Technology (ITL), one of upon air traveller flying In and out of Dublin the UK's oldest computer compa-: applauded as Rvanair and Aer Lingus, the state-owned alriine,

nies, for £12.7m (\$19m). Apricot will exchange 13 new 10p ordinary shares for every 20 ITL 10p ordinary shares, valuing ITL at 41p a share on the basis of Apricot's closing price on Tues-

By Alan Cane in London .

day of 63p. 4-3, The deal, another in the wave of mergers and acquisitions

ITL for £12.7m APRICOT Computers, the Birmingham-based workstation manufacturer and computing ser-

which reported disappointing fig-ures this year through unfore-seen technical and commercial problems, has undergone considerable restructuring and now comprises three principal areas of activity.

These are computer software with special emphasis on finan-cial systems, computer services, especially the maintenance of Apricot and other computer

Market Statistics	
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which are changing the face of the West European information technology industry, seems certain to go through. Apricot says it has already revenues of £106m.

received prevocable undertakings to accept the offer from shareholders representing 53.4 per cent of ITL's issued share capital. Mr Roger Foster, Apricot's executive chairman, said yester-

holds 13.9 per cent of Apricot stock and which has declared its intention to reach 20 per cent, will see its holding dilday that there was excellent synnted

Europe's best-selling van.

It blazed a new styling path in the much more competitive medium/heavy van sector with the launch of its Trafic and Mas-ter panel vans in 1980, but it too has failed to match the volumes of the biggest players. The traditional European pro-

ducers still dominate the industry, but Japanese van makers are also making increasing inroads into the West European market,

in castern France, where the French group produces chiefly the Master range of heavy vans. Renault said the two companies were planning a total comhined output of 80,000-90,000 vans a year split between the two loca-tions. It said that around FFr2bn (£202m) would be spent on the project, with around FFr1bn invested in the production facilities and less than FFribn being

Stakes lifted in Navigation

By William Dawkins in Paris

FRANCE'S latest stock market just over FFr18.3bn. intrigue took a fresh twist yesterday when two major sharehold-ers of Navigation Mixte, the often coveted French industrial and financial holding company, both confirmed they had increased

their stakes in the group. Paribas, the French investment bank, confirmed it had recently. lifted its shareholding in Naviga-tion Mirte to above 10 per cent, while Allians, the West German insurance company, said it had taken a 3 per cent stake and was planning to broach the 5 per cent threshold. The intense speculation sur-

rounding the future of Naviga-tion Mixte, one of France's odder conglomerates - with interests ranging from champagne to banking - sent the shares up FFr150 yesterday to a record high of FFr1,750 (\$280).

The Allianz move is part of a deal announced two weeks ago in which the German company paid FFr6.5bn for half of Navigation Mixte's insurance operations, which accounted for the largest

single chunk - 40 per cent - of the French group's FFri8bn turnover last year. Allianz signalled at the time that it would then be taking a

stake in the full group, currently rained on the stock market at

These manoeuvrings are all the result of recent attempts by Mr Marc Fournier, the tough chair-man of Navigation Mixte, to build a crew of loyal institutional abarcholders. The aim is to fend off any unwanted boarders seeking to strip the group of its valu-able insurance businesses, which able insurance businesses, which have escaped the wave of take-overs to sweep the European urance industry.

Mr Fournier seemed ready to. welcome Allianz as a friendly coowner of his insurance interes when of the group as a whole. Navigation Mixte, normally discreet about its own affairs, has been the subject of bid rumours several times recently. Part of the attraction of the

Allianz deal was to fend off further advances from Assurances Générales de France, the coun-try's second largest insurance group, which held 7 per cant of Navigation Mixte at its last announcement.

It won permission a few days ago from the state body that monitors banks and insurance companies to boost its stake above 10 per cent.

However, all involved are keep-ing their cards so close to their chest that it looks quite possible

that Mr Fournier's attempt to build up a so-called noyau dur of loyal shareholders could be get ting out of hand. Even if the Allianz deal has made Navigation Mixte's insurance activities harder to acquire on their own, it could make the group more attractive as a whole.

Investors have a feeling that some other major change is about to hit this group, and want a good slice of the action, says one big shareholder.

The other big uncertainty is what Paribas plans to do. The share price was around FFr1,000 when Paribas started increasing its existing 2 per cent stake at the end of last month. It reckons it bought at an average of FFr1,200 per share, so the invest ment bank has made a tidy profit on a stake now worth at least FFr1.83hm

Paribas seems friendly. Mr Fournier was spotted by Paris stockbrokers lunching amicably last Friday with Mr Michel Francois-Poncet, Paribas' chairman, promptly sparking another burst of buying in Navigation Mixte's shares. But Paribas officials firmly refuse to divulge their intentions, beyond saying: "We

like this company. It has very interesting assets - all the more so since the Allianz agreement."

Hawker Siddeley to sell units

By Nick Garnett In London

HAWKER SIDDELEY, the UK engineering group, hopes to sell businesses which account for about a quarter of its yearly sales of £2bn, said Mr Alan Watkins. the new chief executive. The sales are part of the group's long-term restructuring strategy. Hawker, whose products include electric motors, batteries, and power station and rail equipment as well as controls and aerospace repair services, would also be looking to buy companies which together would have seles of more than fibn.

With organic growth, this would put the group on course to double its present turnover within four years, Mr Watkins said yesterday. Negotiations on two substantial acquisitions had passed the preliminary stage. The group announced half-year

pre-tax profits to June up nearly 16 per cent at £93.2m from 180.6m. Turnover was at 1981m compared with £837m. Rarnings per share is 27.9p (24.1p) and the dividend is up 19

per cent at 10p (8.4p). Profits on Hawker's electrical

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businesses increased by a fifth, with electric motors and generators coutributing £19.2m (£13.4m) and electrical distribution and controls £26.5m (£24.0).

Profits in diesel engines improved by almost a third to 25.8m. However, mechanical spe-cialised equipment produced a much weaker performance with profits up just £1.4m to £21.4m.

The latter performance was affected by a long strike in the company's Orenda division in Canada

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INTERNATIONAL COMPANIES AND FINANCE

Procordia puts forklift truck offshoot up for sale

day it was concentrating its

activities in consumer products

and services and Kalmar did

not fit in with this strategy. The world's lift truck indus-

try, especially in Europe, has gone through a series of owner-

ship realignments in the past

three years. Two large deals took place

this year. One was the pur-chase of Hyster of the US by

Nacco, another American com-pany making forklifts under the Yale name, to form Hyster-

Yale. The other was the pur-

By Nick Garnett

18

KALMAR INDUSTRIES, the forklift truck manufacturer, has been put up for sale by its parent, Procordia, the Swedish state-owned holding group in a further shake-up of the world's lift truck industry.

Procordia is prepared to sell Kalmar complete or break it up and sell off its constituent units separately. Kalmar had lift truck sales last year of SKr1.84bn (\$285m) and employs 2.000 staff.

The separate units are Kal-mar LMV in Sweden, Kalmar Climax in the UK, the former Allis Chalmers lift truck operations in the US, and two warehouse systems busine in West Germany called Irion and Larf.

The businesses outside Swe-den were all purchased in 1986

and 1987 as part of a big expan- chase of the privately-owned sion programme by Kalmar. Lansing group in the UK by Linde of West Germany, Some of the businesses which were loss-making have Europe's biggest lift truck been turned around but the US maker. Several smaller suppliers in France, Spain, West Germany and, to some extent, the US operations are still losing money. Procordia, which has been restructuring, said yester-

chased for an undisclosed sum the laser optronics activities of Compagnie Générale d'Electri-cité (CGE), the diversified have been absorbed in the past few years. The principal acquirers have been Linde, BT of Sweden, Jungheinrich of West Germany and Lancer Boss of the UK As well as this development, a large number of producers have formed production or marketing arrangements with their main Japanese and South

The purchase completes Acrospatiale'e attempts to build up the capacity to research, develop and produce defence systems based on medium and high energy lasers, said the aircraft group. CGE will hand over its Laboratoire de Marcoussis, based near Paris, which will be regrouped into a new com-pany. Laserdot, expected to Korean competitors. Principal lift truck makers will be issued with a purchase prospectus for the Kalmar businesses early next month. pany, Laserdot, expected to have a turnover of FFr75m

Rabobank opens Spanish link

LEGAL action was launched

yesterday over the use of the name Deloitte, following the break-up of the international

accountancy firm Deloitte Has-

kins & Sells. A writ was issued by the

firm's UK partners, seeking an injunction preventing the US partners from using the name

in the UK. The action is also

against the UK partners of

The Deloitte name has been

By Peter Bruce in Madrid

RABOBANK, the big Dutch co-operative bank, has paid Fi 60m (\$28.5m) to buy a 1.25 per cent stake in Banco Popu-lar, one of Spain's big commercial banks, in an effort to tap into the growing commercial links between the two countries.

The purchase, which will give Rabobank a seat on the Popular board, is the third small stake taken by European institutions in Popular this year. Allianz, the West German insurer, has a 3.7 per cent stake and the Bayerische Hypotheken-und Wechsel-Bank as 1.3 per cent. Popular uses these stakes as

a way of collecting powerful European allies to fend off Mr Henry Klarenbeek, Rabobank's deputy chairman, said in Madrid he expected the what ite co-president, Mr Javier Valls, yesterday called "sharks in the market." In alliance to generate up to Fl 200m of business in the next return, Allianz, Hypo-Bank few years.

full merger, and they still own the goodwill in the Deloitte name. This argument follows a

common view of international

accountancy firms, that they

are loose associations rather than unified entities.

The aircraft group plans to gather this, and its existing gather tois, and its existing interests in other laser beam producers, into a single hold-ing company, to be named Uni-las. These other interests include full ownership of Quantel, which makes lasers and, now, Rabohank are able to make use of Popular's exten-sive domestic branch network for scientific and industrial in Spain, Mr Valls said Popular use, plus a 28 per cent stake in another industrial laser busiremained open to advances from other European instituness, Lisa, with operations in Nevers and Frankfurt, West

Germany. Aerospatiale also has a 40 per cent shareholding in Clias, a military laser business, pur-chased from Alcatel, a CGE subsidiary, with an annual turnover of FFr220m.

Nobel forecasts

SKr1.1bn profit

(\$11.9m) this year.

Aerospatiale buys laser optronics arm of CGE

AEROSPATIALE, the French state-owned maker of aircraft

and missiles, yesterday pur-

engineering and electronics

The purchase completes

in Paris

group.

Kieran Cooke reports on an aerial dogfight over the Irish Sea When Ryanair made its debut on the Irish aviation come form aviation scene four By William Dawkins years ago it caused a sensation.

The small, privately-owned Irish airline quickly made its mark, offering low cost fares across the Irish Sea.

Air travellers frequently nsing Dublin airport applauded as Ryanair and Aer Lingus, the state owned carrier, competed for passengers. Air fares fell dramatically, availability of flights improved considerably. But now Ryanair is in trouble. Last week it armounced revised results for 1968 with a loss of 127.34m (\$10.42m). "Last P.J. McGaldrick: brought in as year Ryansir went through a very difficult period," said the company's management. chief executive last year

company's management. Byansir is 30 per cent owned by members of the family of Mr Tony Ryan, millionaire lish businessman and head of GPA, the world's biggest air-craft leasing company based at Shannon in the Irish Republic. While Mr Ryan's two sons are Ryanair executives, the GPA boss is looked on as the course for breaking even in the coming year," said Mr McGoldrick. GPA boss is looked on as the prime mover behind the

Mr Ryan and others have now pumped a further H20m into the company. But for this cash injection it seems likely that Ryanair would have had

airline started to run into problems early last summer. It just didn't have the organisation or structures to cope with the way business had grown. We had over-expanded our fleet. The company has now been



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Ryanair flies into storm clouds

profitable parts of Aer Lingus, which made a pre-tax profit in its last financial year of IC41.3m, is its 15 per cent

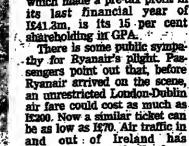
Ryanair arrived on the scene, an unrestricted London-Dublin air fare could cost as much as E200. Now a similar ticket can be as low as I£70. Air traffic in and out of Ireland has improved dramatically from LaSm passengers in 1985 to a projected 4.2m this year. Ryanair has been responsi-

ble for opening up new regional airports in Ireland. It pioneered use of the much-de-rided Knock airport in the west. of freland and now operates 2,000 flights each year from there to its main UK base at restructured and we are on

Aer Lingus has been Ryanair's main problem. Ryanair has been portrayed as the brave David battling the formidable Aer Lingus Goliath. Aer Lingus has complained bitterly about a recent Irish Government decision allowing Ryanair exclusive rights on routes to Liverpool, Stansted and Munich. Mr Seamus Bren-nan, Ireland'e Minister for The two have been involved in cut-throat competition on the London, Manchester, Liverpool Tourism and Transport, was and Glasgow routes. The state carrier responded to Ryanair's low fares by dropgiven the message that if the routes were not granted, Ryanair could be permanently

grounded. r Brennan said Ryanair had played an important role in recent changes in Irish avia tion and its new routes were. necessary "to ensure that its contribution continues."

Aer Lingus has said the implications of the Govern-ment's decision were extremely serious. Workers at the state airline accused the Govern-



ment of favouring private over state enterprises. Attention will now be focused on just how quickly Ryanair can pull itself out of the red.

t has been forced to withdraw from unprofitable routes, such as London-Amsterdam and London-Brussels, and is now concentrating on expanding regional services in and out of Ireland'e airports. It is also making considerable investments in tourism infrastructure in Ireland.

Leasing planes has proved an expensive exercise. Three of six BAC 111's on lease from the Romanian carrier Tarom, along with their Romanian pilots, are being returned this winter.

Byanair now has three of the advanced turbo prop, French/ Italian ATR's on a lease/option arrangement from GPA. It has

another 10 ATR's on order. "The ATR is a state-of-theart aircraft ideal for making connections between Dublin or Ireland's regional airports and Britain and the continent" said Mr McGoldrick. He feels further traffic expansion in and out of Ireland is inevitable.

"When the Channel Tunnel is completed, Ireland will be the only EC country without a

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the only EC country without a landbridge to the continent. Air access is going to be vital." The Irish Government has thrown Ryanair a lifeline by granting it exclusive routes. But those routes have only been granted for three years. If Ryanair is not in the black by 1992 even the pockets of Mr Ryan might not be deep ercomp to bail out the young enough to bail out the young upstart of the Irish skies.

Sandoz sales up to SFr9.48bn

By John Wicks in Zurich

SANDOZ, The Swiss chemicals and pharmaceuticals group, yesterday announced a 25 per cent increase in eales to SFr9.48bn (\$5.85bn) for the first nine months of 1989.

Group earnings for the period are substantially higher than for the comparable nine months in 1988, Sandoz said, without giving details. It expected a considerable increase in profit for the full

Touche Roes, which has merged with the rump of Deloitte's international firm. The 1988 group profits totalled SFr761m on turnover of SFr10.15bn. So far this year, in use in the UK since 1845, when William Welch Deloitte all divisions reported a rise in sales of at least 15 per cent.

Legal action launched over use of Deloitte name By Richard Waters

By John Burton first began practising as an accountant. This firm linked in Stockholm

NOBEL INDUSTRIES, the up with the US firm Haskins & Sells in 1978. The association Swedish industrial conglomer ate with interests in arma-ments and chemicals, yesterbroke up last month when it emerged that Deloitte in the UK had decided to merge with day predicted profits after financial items will rise 17 per cent from SKr934m (\$144m) to around SKr1.1bm in 1989. Coopers & Lybrand, rather than Touche. The UK partners may claim the link with the US was not a

Reported profits during the first eight months rose 45 per cent to SKr66im, while sales increased 12 per cent to SKr14.3bn

Sales grew in all areas, except blotechnology where revenues fell 12 per cent.

un-speed diesel company.

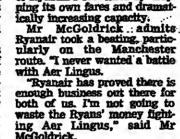
(\$93m), will retain the 40 per cent minority shareholding in the company. The acquisition will strengthen Wärtsliä's position as the world's leading sup-plier of medium-speed diesel engines, the Finnish company said.

year, due to present restruct-

mring efforts. Nokia expects net sales for 1989 as a whole to top FM22bn

of last year's FM1.15bn. The data division maintained sales at FM3.02bn and cables and machinery managed a 5.8 per cent gain to FM2.69bn. Telecommunicapresident, said profits are not tions turnover jamped by 49.8 expected to improve until next per cent to FM1.3bn.

Wartsilä Marine, the loss-laden shipbuilding group.



ing Aer Lingus," said Mr McGoldrick. Ironically, one of the most

Restructuring hits Nokia

By Enrique Tessieri NOKIA, Finland's largest listed company, says sales for the first eight months of 1989

and operating profit to emerge at around FM977m. However, net profit for this year is forecast to fall substantially short



to cease operations. Mr P.J. McGoldrick was brought in as Ryanair's chief executive late last year. "The

Wärtsilä in Dutch deal

By Enrique Tessieri in Helsinki WARTSILA, the Finnish diesel, securities and sanitary equipments group, has acquired a 60 per cent stake in Stork-Werkspoor Diesel, the Dutch medi-

Stork-Werkspoor Diesel, with salee of around FM400m

Earlier this year, Wartsilä

acquired an important pres-ence in high-speed dissel engines through the purchase of 42 per cent of SACM Diesel rose to FM13.72bn (\$3.2bn) from FM13.48bn for the same of France. Wārtsilā's diesel division, which increased sales

from FMZ30m Mr Jorma Ollila, senior vice

In August this year, it reduced to 19 per cent from 70 per cent its shareholding in

period last year. Operating profit improved to FM482m from FM435m but profit before tax and miniority interests dropped to FM256m by 6 per cent to FM874m for the first eight months of 1989, accounts for around 40 per cent of group total turnover. from FM402m. Net profit fell to FM181m

What NRIs would like to know... about BINDAL AGRO

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Financial Facts

	Six Months			
	Ended 30.6.89	31st Dec. 88	31st Dec. 87	
Income	594.67	1063.89	553.00	
Profit after tax	68.95	75.29	43.00	
Dividend	-	18.39 (50%)	14.79 (50%)	
Net worth	664.16	573.18	69.5	

(As per the a and part of the Prospectus fied with the PICC. English

Issue of 12.5% fully secured **Convertible Debentures of Indian** Rs. 200/- each. Each Debenture compulsorily converted into Equity Shares of the Company as follows:

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FINANCIAL (#25ULTS (R*000) 8 027 5 765 Working roverue 7 115 8 953 Working roverue 7 115 8 953 Working roverue 7 115 8 953 Working roverue 240 350 Sundry income/(loss) 240 350 Income before taxation (1094) 172 Capital expenditure 220 360 Dervel.OPMENT 211 97 Advanced (m) 201 95 Channel width (m) 208 95 Channel width (cm) 98 129 Avanced value (m) 208 95 Gravine width (cm) 98 129	 Non 18 Outper 1989 dividends were declared by cartain of the abovementioned companies, payable to members registered at the close of business on 3 November 1989. The registers of members registered at the close of business on 3 November 1989. The registers of members registered at the close of business on 3 November 1989. The dividends are declared in the corrency of the Republic of South Africa. Payments from the United Kingdom office will be made in Sterling at the rate of exchange ruling on 1 December 1989, both days indusive. Dividend warrants will be posted on 15 December 1989. If the rate of exchange ruling the rate of exchange is evaliable. Dividend warrants will be posted on 15 December 1989. If the rate of an evaluate thermalities, therein, if the parcent will be deduced. Development values thermalities, thermality, if the parcent will be deduced office. Development values represent actual results of sampling. No allowence has been made for any adjustmatts which may be accessed when ostimating ore reserves. All function figures are used based by the access of rate of exchange is been made for any adjustmatts which may be accessed when ostimating ore reserves. 	Registered and boad office General Mining Building B Holierd Street Johenmeskung 2001 (PO Box 61820, Marshallrown 2707) Transfer offices South Amca: Contral Registrers Limited 154 Market Street, Johannesburg 2001 (PO Box 4944, Johannesburg 2000) United Kingdom: Barcings Registrers Limited 6 Greencoat Place London SW1P 1PL London offices So Et N 6UA Contral Registrers Limited 6 Greencoat Place London SW1P 1PL	The sub-vertical verificition shart needlear was completed and the pre-site, advanced to to 24 metros below 5 level. The sub-vertical main shaft headgear siteing solvenced to 60 metres eboxe 5 level. CONSTRUCTION The holis chambers and excavations on 4 and 5 levels were completed during the quarter. Underground development advanced 265 metres (previous quarter 469 metres) and excavation of 17 918 cubic metres (previous quarter 18 922 cubic metres) was completed. Civil, mechanical and electrical construction is proceeding according to plán. Rest Structures have been further delineated after completion of the drilling programme. Detailed planning is being undertaken to optimize the mining leyout. Current projections suggest that initial stoping will be delayed by six months, to the end of 1931. The target date for full production, at 100 000 tons par menth, remains unchanged.	
(cm.git) 521 454 = The available one reserves are insufficient to mointain profitable mining at the present level, and operations are being scaled down. - Setimated capital expanditure for the past six months - Nil.	4. The quarterly reports have been approved by the respective boards. Johennecharg, 13 October 1989	Copies are available from the London office	To date capital expenditure of R366 million has been committed, of which R329 million has been spent. The other b	

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Growing

boosts drug

THREE BIG US drug groups have reported strong growth in their profits in the the third

quarter as they reap the bene-fit of growing demand for a new generation of prescription

drugs. Led by Merck, the world's largest pharmaceuticals com-pany, the group reported net profits more than 20 per cent higher than in the 1988 third

quarter, with sales growth of

Sales growth would would have been faster but for the rise in the dollar exchange

rate since last year, which caused lower dollar transla-tion of the companies' big

Sales for the quarter rose 11 per cent to \$1.63bn.

about 10 per cent.

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demand

groups

drues.

By James Buchan

Oryx Gold Holdings Limited

Share capital : Stated -- 587 500 100 ordinary shares of no-par value : Issued -- 165 000 200 ordinary shares of no-par value

Report for the quarter ended 30 September 1989

		Quarter ended 30,09,1989 R'000	Quarter ended 30.06.1989 R'000	12 months ended 31.08, 1989 R'000
INCOME STATEMENT				
Income				-
Interest received Dividends received	•••••	5 090 	2664 <u>3041</u> 5705	14 498 <u>8 370</u> 22 868
Financing costs		4902	2 433 309 2963	11 253 557 (1 058
Taxation	• • • • • • • • • • • • • • • • • • • •	<u>361</u> (252) 13281	<u>(295)</u> 3258	<u>1383</u> 9675
Retained income at beginning of period Retained income at end of period		13029	<u> 0023</u> 328	<u>3 281</u> 12 956
BALANCE SHEET				
Capital employed Share capital Retained income	••••••	621 093 13029 634 122	621 101 13 287 634 382	621 093 12 956 634 049
Long-term labilities (note 1) Deferred taxation		122 233 393 756 748	69 900 704 282	92 233 590 726 872
Employment of capital		424 526	424 526	424 526
Fixed assets Loan to St. Helena Gold Mines Limita Net current assets/(liabilities)	ed"	324 863 7 359	259 847 19 909	303 367 (1 021)
Currentassets		10648	22 207	1 631
Debtors and pre-payments Cash and deposits		2041 8607	59 22 148	1 179 452
Current liabilities		3289	2 2 98	2652
Creditors Provision for taxation		2942 347	911 1 387	2574
		756748	704 282	726 872
NOTE:				
 Long-term liabilities Includes a Eurodollar loan of \$25 covered. 	5 million, which is fully	72 233	69 900	72.233
REMARKS: (i) The figures are unaudited. (ii) The report has been approved by ti (iii) The attention of shareholders is al elsewhere in this edition.		report of the	Oryx mine wi	nich appears
Registered and head office General Mining Building 6 Hollard Street johannesturg 2001 (PO Box 61 820, Marshaltown 2107) London office	Transfer offices South Africa: Central Registrars Lim 154 Market Streat Johannesburg 2001 (PO Box 4844, Johanne			
Gencor (UK) Limited 30 Ely Place London ECIN 6UA	United Kingdom: Barclays Registrars Lim 6 Greencoat Place London SWJP JPL	witted		
Johannesburg 19 October 1989 Copies are available f	from the Landon office, 30 Ely Pla	ce, London ECIN (SUA	•
This announcen	nent appears as a mal	ter of record	only.	

INTERNATIONAL COMPANIES AND FINANCE Shearson

Dow Chemical slips 7% in spite of record sales

and a second second

boosted by

sale of unit

SHEARSON LEHMAN Hutton

one of Wall Street's biggest

investment banks, yesterday reported third quarter net income of \$66m, compared with a loss of \$3m in

the same period of last

The improvement was due

in part to a pre-tax gain of \$77m (\$37m after tax) from the

sale of the institutional

money management business of Lehman Management,

which had already beeu

But Shearson also attributed the increase to higher commis-sions and revenues from mar-ket making and transactions where the bank was involved

It said these improvements, together with an increase in net interest income, more than offset lower investment bank-

ing revenues and an increase in expenses, which were up

despite a drop in fixed

Results from the same quar-ter of last year included \$25m of pre-tax expenses relating to the bank's takeover of E.F.

Net income per share on the group's enlarged equity capi-tal was \$.64 in the gnarter, against a net loss of \$.11 a

as a principal.

Hutton.

vear ago.

profit on

By Martin Dickson

in New York

year

GENMIN GROUP

DOW CHEMICAL, one of the biggest US chemicals compa-nies, yesterday reported a decline in third quarter earn-ings in spite of record sales for the period. The dealine in third of third of third party and the sales advanced 4 The dealine in third quarter earn-ings in spite of record sales for The dealine in third quarter earn-ings in spite of record sales for the period. The dealine in third quarter earn-the period.

The decline in third quarter earnings reflects a slowing in the boom conditions in Dow's main markets which helped push first quarter earnings up 47 per cent and second quarter earnings shead by 17 per

cent. Net income for the three months ended September 30 fell 7 per cent to \$589m or \$3.29 e share from \$632m or \$3.36 a year earlier. Sales advanced to \$4.25bn from \$4.15bn. The Midland, Michigan com-

pany said its chemicals and performance products posted

Europe rose 7 per cent to \$1.27bn with improved local

sales of setting a strong dollar. In the rest of the world, sales slid 6 per cent to \$992m. For the first nine months,

net income was \$2.06bu or \$11.41 on sales of \$7.77bn, against \$1.76bn or \$9.32 on sales of \$7.37bn.

Sales of \$7.570. Sales in the plastics segment fell 4 per cent to \$1.67bn, Dow said polyethylene prices were hurt by summer inventory cor-rections and the increased availability of ethylene. The company said prices

tion of the companies by overseas sales. Merck, the Rahway, New Jersey company which has paced the industry in introduc-ing new products in the 1980s, said its net income rose 25 per cent over the 1988 third quar-ter, to \$390.5m or 39 cents a share. Monsanto posts strong advance

By Karen Zagor

MONSANTO, the US chemicals and pharmaceuticals group, yesterday moved towards yesternay moved towards record annual earnings in reporting strong third quarter earnings on a moderate increase in sales. Net income for the three months ended September 30

months ended September 30 was up 9 per cent to \$126m from \$116m on the previous year while pershare earnings improved 13 per cent to \$1.68 from \$1.67. Sales for the quar-ter were \$2.06bn, a 2 per cent increase from \$2.02bn a year earlier. For \$2.02bn a year earlier. For the first nine months, net income was \$589m or \$8.66 ou sales of \$6.67bn, ahead from \$546m or \$7.57 on

By James Buchan in New York

PHILIP MORRIS, the tobacco

and food group which is a lead-ing glamour stock on Wall Street, yesterday reported a 20 per cent increase in third quar-ter net earnings as it continues to gain market share in Ciga-

to gain market state in cigar rettes and reaps efficiencies at its expanded food husiness. Morris, which last year dou-bled its food business with the

\$13bn purchase of Kraft, said yesterday that net earnings

rose to \$748m or 81 cents per share in the September quar-

finance for the leveraged buy-out of its US interests. Smurfit shares rose 50p to 573p on the

Smurfit has increased the equity it is putting into the company which will effect the

buy-out from \$400m to \$500m. Mr Robert Holmes, Smurfit's chief financial officer, said an extra \$100m was put in because

of the market's nervousness

after the collapse of the UAL deal last week. The deal was first announced in August and is expected to be completed in

the second week of December.

By Martin Dickson

London stock market.

Net income for the first nine months of the year totalled \$106m, down 3 per cent, while net income per share was \$.98, down from \$1.05. Commission revenues totalled \$522m in the third **Kraft aids Philip Morris surge**

quarter, up from \$351m. Revenues from market making and principal transactions were \$321m, up from \$273m, which the company said reflected the strength of its

fixed income husiness.

However, investment hank-ing revenues fell from \$302m to \$205m, which the bank said was due in part to the continued slowdown of underwriting

pusiness. Interest aud dividend income, net of interest expenses, totalled \$101m, up from \$52m, due in part to a higher level of income from the company's investments as a principal in corporate deals.

sales of \$6.41bn. Mr Richard Mahoney, chair-

man and chief executive of the St Louis-based company said: "This is an exciting year for Monsanto. We will set new records for sales and earnings, and make good progress toward our 20 per cent return on equity objective." The Searle pharmaceutical unit reported a quarterly profit

ness, to \$11.2bn.

\$33.6bn.

The strong third quarter

brought earnings at the nine month stage to \$2.1bn, also up

21 per cent, or \$2.25 per share. Sales rose 45 per cent over the first nine months of 1988, to

The result, which was

broadly as expected on Wall Street, was due to volume gains in domestic cigarettes, where Morris is the market.

of over \$300m, but he said the

Third World loans, or 72 per cent of the total. The most heavily provisioned US bank is J.P. Morgan, which surprised Wall Street last month by

announcing a \$2bn charge potentially allowing it to write off 100 per cent of medium- and

long-term exposure to the Third World and some 68 per

Mr Charles Sanford, chair-man, said that after the special provision Bankers Trust remained well capitalised. It had no plans to issue addi-

tional capital stock. Recent

events offered little encourage-ment that a resolution of less

developed country debt prob-

lems would be based on a part-

zership of common interest among the parties he said.

cent of total outstandings.

Smurfit sell-off funds agreed

for the first time since it was acquired by Monsanto in 1985. "As recently as 1987, Searle posted operating losses of nearly \$120m, and the unit will be profitable this year," said Mr Mahoney. The recent gain was attributed largely to the

success Calan group of anti-hy-pertensive drugs. The NutraSweet operations, which produces the eponymous artificial sweetner, saw operat-

ing income jump to \$39m from \$37m in the quarter. The com-pany recently said it would double production of thwe sweetener in response to strong demand.

The consumer specialties egment saw sales increase by

11 per cent to \$784m, with a strong performance from Mer-rell Dow Pharmiceuticals.

Mr Enrique Falla, Dow's chief financial officer, said: "In 1988 and 1989 we experienced

shortage conditious and unprecedented pricing and

margins, particularly in our ethylene derivatives business. As product availability has

improved globally, we are returning to sustainable mar-gins in line with our long-term goals."

Operating income from agricultural produces was \$340m for the quarter, against \$351m. The company said operating profits from the agricultural company were hurt by drought conditions in the western US and in Europe which slowed sales of its Roundup herbicide.

ter. Sales rose 45 per cent, leader. In addition, Morris's including the new Kraft busi- international business is growing rapidly with overseas and export volume up 8.5 per cent in the quarter and 7.6 per cent for the first nine months.

In the main food business, which is now known as Kraft General Foods, revenues increased in the quarter and

\$3.39bn. Warner-Lambert, based in Morris Plains, New Jersey, said its net income rose 22 per cent to \$106.9m or \$1.58 on sales 7 per cent ahead at \$1.11bn. The company is enjoy-ing strong growth in its pre-scription drug business, led by its Lopid cardiovascular drug, and is sharply increasing its research effort. The company also operates big non-prescripthe mine months over the equivalent figures for the sepa-rate businesses. Internationes big no

tion drug and confectionery

After nine months of the

year Warner Lambert's net

income was 22 per ceut higher than in the first three quarters of 1988 at \$320.4m or \$4.73 a

per cent to \$1.65bn. The strong performance, led by Merck's Mevacor anti-cho-lesterol drug and its Vasotec blood-pressure therapy, brought earnings after nine months of the year to \$1.13bn or \$2.85 a share, up 25 per cent, on a 9 per cent gain in sales to \$4.79bn. Eli Lilly, which is riding high on the strength of its Pro-zac anti-depressant drug, said its net income in the Septem-her quarter was 24 per cent ahead at \$212.4m or 73 cents a share. Sales increased 11 per cent to \$1.04bn. The Lilly result was flat-

The Lilly result was flattered by non-recurring gains and a lower tax rate but the company is still enjoying strong volume gaines in its drug and medical instrument businesses

At the nine-month stage, the

Indianapolis company was 22 per cent ahead in net income at \$714.2m or \$2.45 a share on a 12 per cent gain in sales to

A construction of the second first quarter, SPONSORED AMERICAN DEPOSITARY **RECEIPT (ADR) FACILITY**

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GRADULLE SPONSORED SECURITIES SPONSORED SECURITIES High Low Company Price Cleange die (pJ % 343 295 Ass. Brit. Ind. Ordinary 335 0 10.3 3.1 9.0 343 295 Ass. Brit. Ind. Ordinary 335 0 10.3 3.1 9.0 343 295 Ass. Brit. Ind. Ordinary 335 0 10.3 3.1 9.0 343 295 Ass. Brit. Ind. Ordinary 335 0 10.3 3.1 9.0 343 149 Bardon Group CSC 164 0 4.3 2.6 15.9 125 105 Brannol Group CSC 104d 0 6.7 6.4 7.4 7.1 104 105 Brannol Group CSC 104d 0 10.0 10.5 - 104 10 Brannol Group CSC 105 0 11.0 10.5 <t< th=""><th>The Commissioners of The State Bank of Victoria (a corporation constituted under the Stare Bork Act 1958 of the Stare of Victoria, Australia U.S. \$125,000,000 Guaranteed Undated Capital Notes For the six months 17th October, 1989 to 17th April, 1990 the Notes will carry an interest rate of 80% per annum with an interest amount of U.S. \$436.04 per U.S. \$10,000 Note and U.S. \$10,901.04 per U.S. \$250,000 Note. The relevant interest payment date will be 17th April, 1990. Listed on the London Stock Exchange Bankers Trust Company, London Agent Bank</th></t<>	The Commissioners of The State Bank of Victoria (a corporation constituted under the Stare Bork Act 1958 of the Stare of Victoria, Australia U.S. \$125,000,000 Guaranteed Undated Capital Notes For the six months 17th October, 1989 to 17th April, 1990 the Notes will carry an interest rate of 80% per annum with an interest amount of U.S. \$436.04 per U.S. \$10,000 Note and U.S. \$10,901.04 per U.S. \$250,000 Note. The relevant interest payment date will be 17th April, 1990. Listed on the London Stock Exchange Bankers Trust Company, London Agent Bank
7.5 1.75 Magnet 60 Non-Voting 6 Cm ²	Manufacturers Hanover Corporation U.S. \$100,000,000 Banco Centraide Costa Rica U.S. Dollars Floating Rate Serial Notes due 1998-1992 In accordance with the provisions of the Notes due 1997 Banco Centraide Costa Rica U.S. Dollars Floating Rate Serial Notes due 1998-1992 In accordance with the provisions of the Notes will carry an interest mue of 9% per annum for the period 17th Ocrober, 1989 to 17th January, 1990 with a coupon amount of U.S. \$230,00 for the U.S. \$10,000 de- nomination and U.S. \$5750.00 tw de U.S. \$250,000 denomination and will be payable on 17th January, 1990 apints surrender of Coupon No. 18. Bankers Trust Company, London Agent Bank

Wang in red for By Maggle Urry

warns on year

WANG Laboratories, the troubled US computer maker, yesterday unveiled a first quarter loss and warned that it was likely to suffer a loss for the full year, agencies

report. However, the group which has beeu undertaking a restructuring expects to return to profitability by the end of the year.

Wang said it hoped to announce the sale of signifi-cant, non-strategic assets in the next few days, the sale of which will reduce debt and

interest payments. It recorded a first quarter loss of \$62.1m, compared with a net profit of \$16.2m, resulting in a loss of 38 cents per share, compared with earnings of 10 cents. provision for LDC debt

Revenues fell to \$596.8m

from \$634m. Last year's figures exclude a \$3.1m loss from discontinued operations while those for the current period include a \$12.9m pre-tax restructuring

The company said it was pleased that sales had stabi-lised in September as customer confidence began to be restored.

BANKERS TRUST, the big New York bank, is to make a \$1.6bu special provision for possible losses on Third World debt - making it one of the most heavily provisioned of the US banks which heve announced additional allow-ances over the past few weeks. The bank said the provision was expected to result in a third-quarter loss of about \$1.42bn, and e loss for the full year. The charge brings the bank's allowance for credit losses to \$2.9bn, or 14 per cent of total loans at September 30. About \$2.6bn of the allowance relates to its loans to refinancing countries, which total \$3.6bn. The provision covers 85 per cent of medium- and long-term

Honeywell up sharply in third quarter at \$74.4m

Bankers Trust in \$1.6bn

By Karen Zagor

ics group, reported sharply higher third-quarter earnings in spite of flat sales. Net income for the three months suded October 1 surged to \$74.4m or \$1.78 a share from a loss of \$41.4m or 98 cents a year earlier. Last time earnings were hit by extraordinary pre-tax losses of \$85.7m. Seles were \$1.73bn.

For the first nine mouths, the Minneapolis-based company reported ust income of \$212.1m, or \$4.92, against \$47.9m or \$1.13 on sales which fell to \$5.17bu from \$5.22bn. Last year's nine month earn-

HONEYWELL, the US ings included an extraordinary electronic controls and avion- pre-tax loss of \$149.8m The space and aviation division's operating profits were up sharply, thanks to contin-ued strength in commercial flight systems and the recovery of the military avionics group. Operating profits were strong for the home and building automation and coutrol sector in spite of a difficult construction market.

Honeywell expects to sell a 16 per cent stake in its Tokyo-based Yamatake-Honeywell venture for about \$280m. The proceeds will be used in its previously announced programme to buy back up to 10m shares.

14 A.A. 10007 company should be able to pay

JEFFERSON Smurfit, the Irish paper and packaging group, has agreed the \$2.9bn of debt The deal involves a new the debt off within 10 years, if The deal involves a new company, called SIBV/MS Holdings, jointly owned by Jef-fersou Smurfit and Morgan it did not choose to releverage itself again. On a pro-forma basis, the new company would have had operating profits in Stanley Leveraged Equity Fund II, a fund run by Morgan Stanley the investment bank. 1988 of \$454m.

ally, volume growth increased, primarily in Europe.

share. Sales were 8 per cent higher at \$3.15bn. JSC and Morgan Stanley LEP I jointly acquired CCA in 1986 for \$1.1bn. The deal now Mr Joseph Williams, chair-man of Warner Lambert, said: "The company's prospects are outstanding."

Stanley the investment bank. This company will buy Jef-fersou Smurfit Corporation, Smurfit's US subsidiary and Container Corporation of America, which is jointly owned by JSC and Morgan Stanley Leveraged Equity Fund L Mr Holmes said the new company would probably have an interest bill in its first year of over \$300m, but he said the 1986 for \$1.1bn. The deal now values CCA at \$1.7bn, although the equity portion has risen from \$70m, including \$50m of preferred stock, to \$1bn. Smurfit and Morgan Stanley LEF II will each buy \$200m of ordinary shares in the new company, and Smurfit will also buy \$100m of preference shares, making a total of \$500m. \$500m.

MOTOR CARS Are you looking for a used high profile motor car? Check the selection in the WEEKENO FT

EVERY SATURDAY

TOTAL GROUP T TOTAL COMPAGNIE FRANÇAISE DES PETROLES NOTICE OF SHAREHOLDERS' MEETING

Shareholders of TOTAL COMPAGNE FRANÇAISE DES PETROLES are hereby convened to attend an Ordinary General Meeting which will be held at the Company's head office, 5, rue Michel Ange, 75016 PARIS, on 8 November at 71 a.m.

The agenda will be as follows: -- Nomination of a director

The following resolution will be put to the Meeting:

RESOLUTION

The General Meeting appoints Mr Serge TCHURUK as a director. Mr Serge TCHURUK will hold this office until the end of the General Meeting convened to consider the accounts of 1994.

All shareholders, inespective of the number of "A" or "B" shares they hold, are entitled to attend the Meeting or have themselves represented therefor by a proxy shareholder entitled to attend the said Meeting or by their spouse, or else to vote by correspondence.

To be entitled to attend or to be represented at the Meeting: Holders to attend on to be represented at the Meeting:
Holders of registeral shares should be recorded in the Company's share register five days before the date fixed for the Meeting;
Holders of bearer shares should within the seme time limit deposit through their authorized agent a certificate evidencing restriction on 3, rue d'Antin - 75002 PARIS, or with CREDIT DU NORD, 6 et 8, boulevard Haussmann 75009 PARIS.

Forms of proxy or of vote by correspondence and admission cards will be available from the above institutions on request.

No attendance fees will be distributed as at the Annual General

In accordance with legal requirements, shareholders are hereby notified that:

notified that: - should they wish to avail themselves of the opportunity to vote by should they wish to avail themselves of the opportunity to vote by correspondence, they should apply for a form to the Company or the Service des Assemblées" of the above-mentioned institutions by sending a registered letter requesting acknowledgement of receipt; in order to be honoured, any request for a form of vote by correspondence should reach the Company's head office or the above-mentioned institutions no later than six days prior to the date of the Meeting.

above-mentioned institutions no later than six days prior to the date of the Meeting; - the duly completed form should reach the Company's head office or the "Service das Assemblees" of the above-mentioned institutions not later than three days prior to the date of the Meeting; - Indders of bears shares should lumish with the Iorm their authorized agent's certificate evidencing restriction of the disposal thereof until - no shareholder who has voted by correspondence shall be entitled to attend the Meeting; - no shareholder who has voted by correspondence shall be entitled to attend the Meeting in person or be represented therefor by a proxy;

to attend the messary in person of the reproducted mention by a proxy; -shareholders may obtain the documents specified in articles 133 and 135 of the degree of 23 03 1967 on request to the Company's head office or to Banque PARIBAS, Service des Assemblées, 3, rue d'Antin 75002 PARIS.

THE BOARD OF DIRECTORS

ΤΟΤΔ 5, rue Michol-Ange, 75781 PARIS, CEDEX 16

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INTERNATIONAL COMPANIES AND FINANCE

GENCOR

Gold produ

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Bond brewing deal delayed over accounts

By Chris Sherwell in Sydney

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بالمراجع الأليب والمؤتو ليغي

> BOND CORPORATION'S complex A\$2.5bn (US\$1.9bn) brewing deal with Lion Nathan of New Zealand will not be set formally Into motion for another two weeks, apparently because of delays in producing its accounts.

Yesterday's ootional dead-line passed without registra-tion by Bond of documents to buy out the minorities in the per cent-owned Bell Resources, which is to boy Bond's Swan, Toobeys and Castlemaine XXXX breweries and form a joint venture with Lion. But there was movement on one of two other deadlines involving Bond which passed yesterday.

Tenders closed for investors interested in the Western Australian State Government Insurance Commission's 19.9 per cent holding in Bell Group. The commission has an indemnity from Bond guaranteeing it a price of A\$2.70 a share which

By Jim Jones in Johannesburg

LARGE-SCALE retrenchments

in the past year have contin-

ued to curb costs and boost

profits at many of the mines managed by Gencor, South

Africa's second largest mining

Employment has been cut to

about 77,000 from 95,000, and

POSEIDON, the expanding Australian gold company con-trolled by Mr Bobert Cham-pion de Crespigny, is to raise A\$316m (US\$243m) through a share placemeot and rights issue, writes Chris Sherwell. This follows Monday's full bid for Poseidon Exploration

Bond is challenging. If it loses it faces a liability of more than accepted it would extend the offer to other minority Bell Group shareholders. Bell A\$150m

In an unexpected develop-ment Bond itself yesterday yesterday, up 2 cents. offered to pay A\$3.18 a share for the stake. However, only 30 cents of this would be payable in the short term - next Janu-ary 4 - with a two-year gap before remaining payments are spread over 10 years from Jan-**UALY 1992** Bond, which controls around 70 per cent of Bell Group, said that if the commission

mining projects on the drawing board which could provide employment for as many as

30.000. He cautioned, however,

that no new deep-level mines were likely to be established st

present gold prices. The mines reduced capital

spending in response to stag-

They are Mr Robert Mason, Mr Bill Robinson and Mr Adam

Sack, who will be joining

Enskilda on November 6 and be responsible for developing buy-out activities In Europe.

The three have been respon-

sible for Morgan Guaranty's

specialist financing operation

Stilfontein has exhausted the

POSEIDON PLANS TO RAISE A\$316M IN SHARE PLACEMENT and the disclosure that Freeport McMoRan, the US miner-als group, has reduced its stake in Poseidon from 14.6 per cent to 8.3 per cent.

Beetrix Bracker

Grootvie

St. Hel

Unisel W.Rand Co

Poseidon is placing 19m shares at A\$2.70 and making a It also follows Poseidoo's one-for-two rights issue at A\$2 acquisition from Mr Alan Bond last month of a 20 per with attaching options. Proceeds are "for ongoing acquisicent stake, together with mantion activities."

cussions with other groups outside the tender process. Bond originally paid around Group shares closed at 27 cents A\$300m for the site.

Mines of Kalgoorlie (GMK).

No reason was offered for No response was immedi-ately forthcoming from the insurance commission, nor was the brewing delay, but it is understood to relate to the financial state of the Bond t known if any rival offers had companies and the valuation of been submitted for its holding. Tenders also closed for the their assets, and thus to their accounts. These were technisale of Chilley Square, Bond's property in Sydney's ceotral business district, with exprescally due by the end of September, and Bond has unsuccess-fully sought an extension to the end of October. If they are sions of interest by four different groups and continuing disnot produced by Monday, the

companies face suspension. The National Companies and Securities Commission (NCSC), Australia's stock market watchdog, has rejected Bood's agement control, of Gold

suggestions that its private investigations into various transactions have delayed the accounts. The commission's investigations are meanwhile continuing.

On Tuesday Mr Bood con-firmed that the "difficult trad-ing cooditions" the group had experienced over the past six months would be reflected when we report our figures in the next two weeks."

But the Perth entrepreneur rejected recent suggestions by Barings Securities that the group had a oegative net worth. "Bond Corporation has the support of its bankers and is working towards the reduc-tion of debt to a level able to be sustained in the long term," he said in a letter to a local newspaper.

ENCO	R GOL	D QUA	RTERLI	es			
(14)		After-tax (Ar	n)	share (Earnings per share (cents)		
Sep 89	June 89	5ep 89	June 89	Sep 89	June 89		
3,264	3,301	14.2	43.5	11.7	33.5		
537	555	3.6	1,5	20.8	8.5		
3,651	3,664	21.9	20.8	171.0	157.6		
738	760	0.7	0.8	5.9	5.1		
3,050	3,001	23.2	20.9	73.3	76.0		
701	735	5.1	3.9	24.9	16.0		
2,655	2,650	8.7	8.9	81.3	84.9		
1,246	1,225	2.8	27.7	21.2	209.1		
1,609	1,605	12.9	12.3	30.6	26.8		
562	480	2.0	0.8	37.4	8.0		
2,850	2,801	27.7	28.8	81.4	70.9		
JCI	GOLD	WART	ERLIES				
Gold pro	D	After-tax (Rr	n)	Earning share (cents)		
Sep 89	June 89	Sep 89	June 89	Sep 89	June 89		
6,801	8,653	33.8	43.9	35.3	164.8		
3,267	2,981	(18.3)	(6.2)	58.2	(47.5)		
-							

material, and overall gold production increased.

CIBC ASIA LIMITED ¥1,500,000,000 **Guaranteed Nikkei-Linked Variable Rate** Deposit Notes due 1993 (the "A Notes") ¥1,000,000,000 **Guaranteed Nikkei-Linked Variable Rate** Deposit Notes due 1993 (the "B Notes") Both unconditionally and irrevocably guaranteed by **Canadian Imperial Bank of Commerce** high (a Canadian Chartered Bank) osts operating Issue Price 101.625 per cent. eptem ber ned gold the two managed nsolidated **Bankers Trust International Limited** New Japan Securities Europe Limited im Jones. larger of ed under tioo and **IBJ** International Limited First Securities Co., Ltd., Seoul. t of lowmaterial esulted in

Sanwa International Limited

NEW ISSUE

This announcement appears as a matter of record only.

Sumitomo Trust International Limited

costs have risen by only 7 per cent, with 2 per cent coming in nant gold prices and suffered higher tax bills. the latest quarter to September. Some mines have ore richer Vaal reef, which proreserves nearing exhaustion. vided most of the mine's gold Mr Gregory Maude, head of since Inception, and now Gencor's gold division, said the depends on the poorer Ventersgroup had other unspecified dorp Contact Reef.

INTERNATIONAL APPOINTMENTS **Bristol-Myers Squibb** post-merger changes

Large-scale retrenchment

helps Gencor lift profits

BRISTOL-MYERS Squibb, the York-based bank. world's second largest drugs group formed from the recent US merger of Bristol-Myers and Squibb Corporation, announced that Mr Jan Leschly has resigned as Squibb

The company also reported some organisational changes, including Mr William Comer's assumption of the new position In London. This has been involved in a significant number of notable leveraged buyof president of Bristol-Myers out financing transactions. Pharmacentical Research and

Mr Mason, senior member of the team, was a Morgan Guar-Licensing Group. anty vice president and set up ner will report to Mr Mr Con Richard Furlaud, Bristol-Myers Squibb president, as will Mr Edgar Haber, president of for the UK and Europe. * * * INTERGRAPH, a leading US-Institute for Medical Squibb Research Mr Abramo Virgillo, who has been serving as president of Bristol-Myers Science/Technol-ogy Group, will head the newly formed Bristol-Myers Squibh **Technical Operations.** NORTHERN TELECOM, of Canada, the world's largest supplier of digital telecommu-nications systems and which is 52 per cent owned by Canada's BCE, appointed former US Sec-retary of Defence Mr Frank C. Carlmoni UE with the term Carlncci III to its board of directors.

Bayer: Expertise with Responsibility.

S. Can

The results for the first half of 1989 point to a continuation of our past business successes. In 1988 our total dividend payout was the highest ever distributed to the shareholders of a publicly-held German corporation. The basis of this success is Bayer's scientific and technological expertise, our advanced range of products, and our worldwide organization.

Φ 21

OCTOBER 1989

He is filling a vacancy cre-ated by the death in May of Mr William Sobey, who was honorary chairman of Sobeys Stores. Mr Carlucci is currently vice chairman of Carlyle Group, a merchant banking concern.

* * * ENSKILDA Securities, part of Skandinaviska Enskilda Banken, Sweden's largest commer-cial bank, has recruited three executives from Morgan Guar-anty Trust, a leading New

other role of president but assumed a new position of

Mr Eliott James was named president, and he will share responsibility for managing the company with Mr Meadlock.

Mr James was most recently president and chief executive of Quintus Computer Systems, of California, a leading sup-plier of Prolog-based software development tools recently acquired by Intergraph.

* * * DEERE, of the US, world's largest maker of farm equip-ment, elected Hans Becherer, formerly both president and chief operating officer, to the post of chief executive.

Mr Becherer, 54, retains the title of president, while Mr Robert Hanson, 64, who has been chairman and chief exec-utive since October 1982, will continue to serve as chairman.

MARINE MIDLAND BANKS, INC

US\$100,000,000

FLOATING RATE SUBORDINATED CAPITAL NOTES due 1999



For the three months 19th October 1989 to 18th January 1990 the Note will carry an interest Rate of $8\frac{13}{16}$ per cent per annum with a Coupon amount of US\$250.76 per US\$10,000. Interest payment date 19th January 1990.

HONGKONGBANK LONDON LIMITED INTEREST DETERMINATION AGENT

its leveraged transactions unit

based computer-aided design system manufacturer, said that Mr Jim Meadlock, the chair-man, bas relinquished his chief executive officer.

Bayer Boosts First-Half Profit Chemicals Giant Expects Full-Year Result to Top In

hita Electric's Net Up 2% in Quarter

exitin: Sales of the former jumped is percent, kei by damand for Jap-de annee word processors, personal computers, telephone-related equipment, and lactory-automa-Video even

Companies must make a profit. But we also have a responsibility to think of others.

LEVERKUSEN West German Bayer AG third intering of the Dig three German chaomake DM from 11.40 billion of 50 for the for the formation DM from 11.40 billion

NECH Profit

ay to 59 billion

We are committed to using our expertise in a responsible manner. This principle is integrated in our corporate policy, in which environmental protection and economic performance have equal priority.

BUSINESS DEVELOPMENT

1989 During the first six months, Bayer Group net sales rose by 11.6 per cent to DM 22,620 million. Income before income taxes increased 19.2 per cent to DM 2,220 million.

Bayer AG net sales rose by 8.4 per cent to DM 10,095 million. Income before income taxes increased by 18.7 per cent, reaching DM 1,270 million.

1988 Bayer Group net sales: DM 40,468 million. Share of sales outside West Germany: 78.6 per cent.

Bayer AG net sales: DM 17,852 million. Export share: 65.6 per cent.

Bayer Group capital expenditures: DM 3,145 million, of which DM 1.818 million in West Germany. Group research expenses: DM 2,460 million, of which DM 1,475 million at Bayer AG.

Income after taxes for Bayer Group: DM 1,909 million; for Bayer AG: DM 1,011 million.

Dividend per share: DM 12 per share of DM 50 nominal. Total dividends paid: DM 761 million on capital stock of DM 3,170 million distributed to some 375,000 shareholders.

If you would like to know more about Bayer, please contact Bayer AG, Public Relations Department, D-5090 Leverkusen, West Germany.

Bayer Aktiengesellschaft Leverkusen





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establishes

finance unit

ORIX Corporation, the largest Japanese leasing company, formerly known as Orient

Leasing, has set up a specialist corporate finance company via Orix Enrope, a subsidiary of its European holding com-

Orix Corporate Finance

OCF), the new London-based company, will provide special-ist financial services for Euro-

specialist

By Andrew Freeman

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This announcement appears as a matter of record only.

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European Investment Bank

Italian Lire 200,000,000,000 11¹/₂% Bonds due 1995

Issue Price of the Bonds: 100.375% -Issue Date: 31st July, 1989

Banca Nazionale del Lavoro

Cassa di Risparmio delle Provincie Lombarde - Cariplo

Akros S.p.A. **Banco di Napoli Chase Investment Bank** Istituto Bancario San Paolo di Torino

Algemene Bank Nederland N.V. **Banco di Santo Spirito Bankers Trust International Limited** Banque Générale du Luxembourg S.A. Crédit Commercial de France **Crédit Lyonnais** IMI Capital Markets (Luxembourg) S.A. **Merrill Lynch International Limited** Nomura International Standard Chartered Bank, Milan Branch Swiss Bank Corporation statent Banking

Banca Commerciale Italiana Banco di Roma Dresdner Bank Aktiengesellschaft **Paribas Capital Markets Group**

Banca del Gottardo

Banco di Sicilia

Banque Bruxelles Lambert S.A.

Compagnia Finanziaria Ligure Picmontese S.p.A.

Credito Italiano

Euromobiliare

Italian International Bank Pic (Meste del Paschi di Siesa Banking Group) **Morgan Stanley International** Nnovo Bauco Ambrosiano Sumitomo Finance International

UBS Phillips & Drew Securities Limited

INTERNATIONAL CAPITAL MARKETS

Egyptian investment funds Orix Corp lose trading applications

By Tony Walker in Cairo

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Islamic investment funds to continue operating, under a new law designed to control the unruly deposit-taking sec-

The controversial decision appears to signal the end of the road for the companies, whose depositors ran into the tens of thousands. "This is the moment of reck-

oning," a foreign banker said. "These companies most probably had too many irregulari-tles, and too little money to meet their obligations." The rejected applicants were

Al Hoda Misr, Al Hegaz, and IC The authority, the Govern-ment's chief financial regula-tory body, rejected an applica-

By Michtyo Nakamoto in Tokyo

THE TWO-YEAR campaign by Barclays de Zoete Wedd (BZW) and James Capel, UK securities firms, to obtain membership on

the Tokyo Stock Exchange could be settled by the end of

Mr Minoru Nagaoka, TSE

president, reaffirmed yesterday that a special committee reviewing the issue would dis-cuss details of the member-ships to be offered when it part

met, in early November. He

hoped the issue would be set-tied before the end of the year. The TSE, which has faced

criticism from the UK Govern-ment for failing to offer mem-bership to the two UK firms

two years ago, came under renewed pressure when Mrs Margaret Thatcher, the British

Prime Minister, raised the

ssue several times during her

At its last meeting the TSE

Jananese visit last month.

the year.

OS DOLLAR

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Only two of the larger insti-tutions - Al Saad and Al She-rif - have been allowed to continue operating. Principals of Al Rayan, the largest invest-ment house, have been jailed under Egypt's emergency law pending an investigation of their activities.

The authorities cracked down early last year when a number of the institutions stroggled to meet obligations. They were asked to freeze their

They were asked to freeze their activities while government-commissioned auditors con-ducted a thorough probe. Under the new law, compa-nies going into liquidation have been given one year in which to repay their deposi-tors. Institutions permitted to continue trading have been

committee adopted e proposal to offer one of three possible special memberships. However, none of them was likely to

meet the approval of the for-

eign firms concerned as they would have considerably

restricted their trading activity.

on the exchange. It is unclear whether the

present move to discuss "the specific contents" of new mem-berships at the next committee

meeting mean that full or

restricted status or both are to

Mr Mitsuo Sato, senior man-

be offered.

EGYPT'S Money Market tion earlier this month from given three to four years to Authority has blocked applica-tions from three of the largest Only two of the larger insti- An official at one of the rejected investment houses said yesterday that his company had not been officially informed of the decision. "I read about it in the papers," he said. The authority was unavailable for comment. The authorities have unravelled the affairs of the deposit

takers with considerable cau-tion, prompted by fears of riots among disappointed depositors. Hundreds of thousands of

Hundreds of thousands of Egyptians have lost part or all of their eavings, but time appears to have softened the blow. "People have resigned themselves to their losses," a foreign banker said. "If I were a depositor I would probably have written the money off a long time ago."

ing new memberships and that the exchange could not accom-modate foreign brokers at the expense of smaller Japanese firms still seeking seats. But Mrs Thatcher's visit has clearly raised hopes of a reso-

lution. The Bank of Japan is ready to launch long-awaited Trea-sury bill open market operations in November, Reu-ter reports from Tokyo.
 A central bank official said the surphase supervises monid

the purchase operations would be conducted at rates offered by designated bond dealers. He declined to say when in November the purchases would start

Mr Mitsuo Sato, senior man-aging director of the TSE, said the issue of membership status was "pending." The committee would discuss qualification standards and fees while trying to determine which companies qualified and their standing. The TSE has said the lock of ers. This is similar to the method the bank now uses to buy bonds on the open market.

The Boy will designate a lim-ited number of bond dealers for each operation and will buy at rates indicated by these deal-

The TSE has said the lack of space at the exchange was the main difficulty it faced in offer-

FLOATING BATE

FLEATING RATE NOTES Alliance & Leic, Bid 94 5....... Bank of Greece 99 US..... Oredit Fonciar 98 US..... Hallitax BS 94 E..... Leads Perm. 8/S 94 E..... Nilk Mitz, Brd. 593 S...... Nilk Mitz, Brd. 593 S...... New Zastand 597 E.....

Northern Rock 92 5..... State Bir, Nsw, 98 US..... Woolwich Equit. 85. 93 5..... Woolwich 5 95 5.....

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* No information available-previous day's price

† Only one market maker supplied a price we mean rate) for US doltars. C.con-The

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FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market, **Closing prices on October 18** Closing prices on October 18 Sames and Sames and Sames and Source 18 of Offer day weat Vield 80 100% 100% 0.10% 0.10% 80 997 100% 0.1% 20 965 977 0.1% 0.0% 50 977 98% 0.0% 5.6% 50 96% 96% 0.0% 5.6% 50 96% 96% 0.0% 5.6% 50 96% 96% 0.0% 5.6% 50 96% 96% 0.0% 5.6% 50 96% 96% 0.0% 5.6% Emergi Bid Sfim bay wordt Yinid 600 1032; 104 -02; +04; 8.55 140 1022; 103-0; +04; 8.55 175 994; 995; -01; +04; 8.53 155 1022; 103-01; +04; 8.53 250 1032; 103-01; +04; 8.69 1000 1034; 1034; -04; +04; 8.28 100 4102; 103, 00; 0 8, 828 100 4102; 103, 00; 0 8, 828 100 4102; 103, 00; 0 8, 828 100 4102; 103, 00; 0 8, 838 100 4102; 103, 00; 0 8, 858 100 400; 0 8, 858 100 400; YEN STRAKENTS Canada 61, 91...... Canada 61, 92..... Canada 51, 93.... Canada 51, 93... Canada 51, 93... Canada 51, 93... Incland 51, 93... Nayway 31, 95... Saeden 41, 93... World Bank 7, 94...

pean clients. Using links with Orix's extensive financial services division, it aims to connect borrowers — mainly financial institutions and corporations — with the large pools of capi-tal available for investment outside Japan. Mr Allan Wilson and Mr Antony Wood, former Morgan Stanley managers, will man-age OCF, with Orix Europe retaining a controlling inter-est. Both manegers have an equity stake, as will future employees. TSE 'close' to decision on UK firms employees. The venture is backed by an initial capital investment of £1m (\$1.56m), with access to a subordinated loan facility of

OCF hopes to create struc-tured deals for clients in what it believes will be a unique arrangement. Mr Wilson said: "We will be

pany.

pean clients.

the only leasing company doing both the arranging and the distribution of debt and equity deals, mainly on a pri-vate placement basis." He added OCF would ini-tially concentrate on the UK.

and the Benelux countries as the principal areas of Japanese investment interest.

OCF will try to by-pass the intermediaries which cur-rently dominate the origina-tion side of the Japanese private placement business in which leasing companies are already leading providers of subordinated capital.

Because they are not banks, the leasing companies are not subject to BIS capital requirements and can adopt a more flexible approach to risk. How-ever, through their leasing businesses they have built extensive investor networks willing to lead capital. Leasing now represents only about 30 per cent of Orix's

turnover.

Japan may

ease Samurai

			Consider 96
This Information appears a	as a matter of record only. Kreditanstalt für Wiederauft	New Issue October 18, 1989	E.F. C. 761
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			Straight Bonds: The yield is the yield to redemption of the amount issued is in millions of corresty writs bonds where it is in billions. Gaunge on week - Char week warlier.
			Floating Rate Notes: Denominated in dollars unless cated. Goupon shown is minimum. C.dte - Date men. effective. Spread - Margin above sizemonth offer
			© The Financial Times Ind 1999, Remo

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 Arenage prior charge. The or prior sky 0 or prior to pr bond terms JAPAN'S Ministry of Finance will probably bow to foreign pressure and again loosen requirements on Samurai bond issues, Reuter reports from Tokyo. Foreign organisations are attracted to Samural bonds which are yen-denominated and issued in Japan by foreign

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companies or agencies with a minimum term of four years - because of their high profile among Japanese investors and the diversity they add to fundraising arsenals. They now want to issue shorter-term bonds.

"Samurai will eventually become little different from the Euroyen market," a manager at a securities house said.

The recent issue of the first ever three-year Samurai by the ever three-year community paved European Community paved the way for liberalisation, another manager said. A Finance Ministry official

A Finance Ministry official stressed the EC Samurai was an exception due to specific EC money needs, but underwrit. ers believe the practice will soon spread to other issues. Many managers felt the min-istry would now find it hard to reject short-term bond issues requested by other interna-tional organisations. About 27 issues of Samurai and Dainyo (yen bonds issued

and Daimyo (yen bonds issued in Japan by foreigners that can be settled through internacan be settled through interna-tional clearing systems) worth Y674.5bn had been made by mid-October, against 22 issues worth Y635bn for all of calendar 1988.

Rising volume and a freer market are gradually causing triple-A and double-A rated European debtors to renew contacts with Japanese inves-tors after being absent for several years.

In the past, most Samural in the past, most sammar issues were made by develop-ing countries interested in long-term debt. But high-rated issners want sborier-terre Samurai, partly because they need swap funds. Longer-term instruments are relatively hard to swap into other currencies.

In July the ministry scrapped ceilings on the amounts and maturities of Samurai. It used to link them to credit ratings.

to credit ratings. But restrictions on mini-mam maturity have been left intact due to strong objections -from Japanese banks. Their prime concern is that deregulation might be extended to domestic debtars

extended to domestic debtors, which could raise capital. through bonds rather than bank borrowing.

coupoil. comprise Bonds: Denominated in dollars unless otherwise indicated. Chg. day otherso on day. Cnv date = First date of conversion into shares. Onv. price = Nominal amount of bond per share expressed recurrency of share at conversion rate fixed of base. Prem = Percent-sage premium of the currenteficatione price of accusing shares via the bond over the most recent price of the shares.

The Financial Times Ltd., 1989. Reproduction in whole or in part in sty form not permitted without write Data supplied by DATASTREAM International. RONDSIN Temperior accurated Stars (Balado). SINS2; Line BONDSIN Truncation occurred. Sto

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INTERNATIONAL CAPITAL MARKETS

Hectic activity fails to conceal underlying volatility

By Andrew Freeman

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HECTIC new issue activity on 2 bid, well outside full fees of Eurobond markets yesterday failed to disguise the volatility of investor sentiment as world financial markets continued to exhibit nervousness. Most of the day's deals were aimed at specific demand and gave little

INTERNATIONAL BONDS

indication of the Euromarket's overall direction.

overall direction. Evidence of underlying ten-sion was provided by the poor performance of a \$100m four-year bullet-maturity deal brought by Yamaichi for Mit-subishi Corporation Finance. The bonds offered a spread of 68 basis points over Trea-suries at launch, but came under pressure as traders comunder pressure as traders complained the terms were too

tight. They said the deal did not sufficiently acknowledge the widening of corporate bond spreads since the stock market roller-coaster begin last week. After initially supporting the deal, Yamaichi let it fall to less

CME imposes

1% per cent. At that level the spread was about 10 basis points wider and the deal steadied. The borrower is a well-rated corporation and rival syndicate officials said the deal had been badly bandled.

Yamaichi also brought an equity warrants deal for Keihin Electric Railway, this time to a fine reception. The bonds traded at 105% bid, a large premium to their par

issue price. Credit Sulsse First Boston was the lead manager of a \$200m floating rate note issue for the Indian Oil Corporation. The notes carry the guarantee of the Indian Government and offer a coupon of $\frac{1}{10}$ point over six-month Libor.

The deal was launched as a fixed-price reoffering, with the syndicate asked to reoffer the notes at 99%, % point inside the par issue price. Full fees for syndicate members were 36

broken yesterday. Traders said there was demand for the paper and reported sales in the Far East. "Indian risk is an acquired taste, but the notes are sell-ing," said one dealer. Bankers Trust International

brought a \$150m five-year deal for Safim, a wholly-owned finance subsidiary of Efim, the Italian state-owned industrial group. The bonds offered a coupon of 9 per cent and were priced at 101.60 to yield around 101 basis points over Treasuries. Bankers Trust was quoting the paper at less 1.80 duoting the paper at less Low bid, inside fees. However, there were bids away from the lead manager at less 1%, a discount equivalent to full underwriting

Dealers expressed mixed opinions on the issue. Some said they understood the borrower's credit profile and found it easy to place paper while others argued the deal was not attractive enough on basis points, implying an 11 an asset-swapped basis. It is basis point profit on sales made at the reoffer level. The syndicate was not formally yield around ½ point over

cent, That is not clear yet.

their customary quiescence.

Borrower US COLLARS	Amount al.	Coupon %	Price	Meturity	Fees	Book rugger
Indian Oi) Corp.te	200	(a) 9	100	1964	36bp	CSFE
SAFIM ♦	150		101.80	1994	14/5	Bankers Trust Int
Mitsubishi Corp.Finance Kelhin Elec.Expr.Rail.0	100	85	101 4	1983	15	Yamalchi Europe
Sammi Steel Co. \$ 4(d)	15D 50	(4) 14	100 100	1993 1994	1½/¾ 1½/¾	Yamaich) Europe Merrill Lynch
SWISS FRANCS				_		
Seiren Co Ltd§	110	(4)	100	1994		Bank LEU AG
Kimisawa Co.§★★(d)	40	4	100	1995	15	SBC
DM-MARKS						
Fuji Kagakushi Kogyo∳⊕(d)	75	112	100	1994	24/12	Deutsche Bank
STERLING						
Nat.West.Bankf	200	(0)	100			Merrill Lynch
TEN						
TRIPS Ltd Series(b) **	5.6bn	5.6	1014	1991	14	Toyo Trust Int
TRIPS Ltd Series(b)**	5.6bn	(c) 5.6	101 4	1991	118	Toyo Trust Int
Swedish Nat.Housing Fin.	1100	5.6	101	1994	1/2	Nomura Secs
lawei 6	10,1bn	5.6	101-5	1993	118/12	Daiwa Europe
SUB_DER						
Aegon NV 🗣	250	734	101.25	1999	13/5	AMRO BANK

NEW INTERNATIONAL BOND LOOU

Libor

manager of the first undated Bankers Trust said there sterling-denominated variablewas complicated engineering behind the issue, with a multirate note issue, a £200m deal for National Westminster egged swap producing funds Bank. The notes, which qualify as upper tier 2 capital under capital adequacy rules, offered in both fixed and floating-rate Lire as well as other currencies. Merrill Lynch was the sole an initial margin of % point over Libor.

The issue follows an open offer to buy-in the borrower's perpetual floating-rate notes issued in 1984. Merrill said the variable-rate notes were placed with institutions and would not trade actively. No prices were available, and fees were

not disclosed.

ment on the figures. A strategist et Nomura's

Japanese brokers plan aggressive foreign bond sales

clients during the rest of the business year which ends in

March, Reuter reports from

relatively ettractive and bro-kers expect active demand

from investors who want to

boost overall returns. Brokers

also have confidence in the dol-lars underlying strength. Nomura Securities announced last month that it planned to increase foreign

bond trading. Some dealers

said Nomura aimed to earn Y20bn (\$141m) a month in mar-

gin fees for the rest of the year from all bond trading, against Y20.7bn for the six months to

March 31 1989. The lion's share of the improvement is expected

Nomura declined to com-

bond trading division said:

"We will he focusing on US Treasury bonds. But we will also devote energy to beefing up trading of bonds of Euro-pean and other currencies."

The other Big Four Japanese

brokers have also said they would boost foreign bond trad-

ing. Mr Yoshikazu Kiyoto, man-ager at Nikko Securities' inter-

national hond dapartment,

said: "Given pessimism for yen

bond prices due to overhanging

concern about local inflation.

investors may want to keep

buying foreign bonds in com-

ing months." This would depend on the

currencies in which the bonds

were denominated staying

firm. "If Nomura does it, there's

no reason why we won't do it,"

Confidence in the dollar is strong due to its resilience in

the face of a 50 basis point rise

in Japan's discount rate last Wednesday and the poor US trade figures last Tuesday.

A money market manager at

US money centre bank said:

"Expected Fed easing could trim further the huoyancy of

the dollar ... but may not be

impressive enough to cool

down Japanese demand for the

make US bonds attractive

"Instead, the easing will

Mr Kiyoto added.

dollar.

to come from foreign bonds.

Returns on foreign bonds are

Tokyo.

LEADING Japanese brokers investment alternatives for the plan to sell foreign bonds aggressively to institutional Jepanese." There is e spread of about

270 basis points between Japa-nese and US benchmark securi-

Φ₂₃

Mr Hideo Takemura, deputy general manager et Yamaichi Securities foreign bond depart-ment, said one reason for the shift to foreign bonds was changing accounting standards by leading institutional inves-

In February banks were required to calculate income and capital gains in a single book. They previously boosted income from yields at the expense of capital gains because only the former was accepted es profit from pri-mary operations. Life insurance firms, the big-

gest institutional foreign bond investors in Japan, are still eager to raise coupon incomes as the Finance Ministry prohibits them from paying capital gains income to policy holders as annuities.

But industry sources said the ministry might change the rule and some insurers were already trying to boost capital gains.

"These trends lead to demand for more frequent trading and better tools to hedge positions," Mr Takemura said

Hedge demand from investors will be met by listing T-bond futures on the Tokyo Stock Exchange on December I and through the growth of

T-bond over-the counter options trading. Mr Shotarou Ishibara, man-ager at Yamatane Securities, stressed: "Burgeoning options trade here will be especially pivotal as a driving force for foreign bond trading."

Mr Takemura said another attraction was 24 hour trading, with centres in New York, Chicago and London. But ons bond investment

manager said the medium-term outlook of the yen was up and T-bond prices could be undermined by a fresh supply in November.

This could mean that the only short-term chance for brokers to attract investors was third-quarter US gross national product data tomorrow, which could confirm the US economy was slowing down.

US Treasuries recoup losses, then dip to close mixed \$500,000 fine on By Janet Bush in New York and Rachel Johnson in London **Capcom Futures** By Katharine Campbell THE. CHICAGO .Mercantile Exchange has exacted its larg-est ever fine, of \$500,000, from Capcom Putures and the firm has agreed to leave the exchange. It withdrew from the Chi-cago Board of Trade (CBOT) at the end of Inner the end of June: The firm was charged with violating minimum customer margin requirements and with a variety of accounting and book keeping deficiencies. A former affiliate, Capcom

Financial Services, which had been a substantial player in both the London and American futures markets, was expelled during the course of the year by the Association of Futures Brokers-and Dealers, the UK futures self-regulatory

authority, and the CBOT. The authorities' concern about Capcom Financial Services originated last year with the arrest of Mr Syed Zlauddin Ali Akbar, the managing director, on drug and money laundering charges.

US TREASURY bonds moved recessionary conditions. higher vesterday morning. The US Federal Reserve conhigher yesterday morning, recouping the losses incurred on Tuesday but then dipped back to close mixed. In late trading, short and medium-dated maturities stood up to % point higher while

GOVERNMENT BONDS

some long-dated maturities stood around ½ point lower. The benchmark long bond was quoted unchanged for a yield

of 8.04 per cent. The bond market's inverse relationship with stocks appeared to have broken down on Tuesday when bonds fell has started to emerge that modestly despite continued banks are preparing to cnt their prime rates when it is clear that the Fed has lowered weakness in equities. That relationship was not clear yes-terday with both bonds and

stocks modestly higher for most of the session. Bonds were helped early in the session by news of an unexpected 5.2 per cent fall in housing starts in September to levels normally associated with

these indications the total completion of the E

tinued its policy of adding modest amounts of liquidity to the banking system yesterday, announcing \$1.5bn in customer repurchase agreements. The 9/92 1/96 10/08 UK GILTS 13.500 9.750 central bank has done cus-8.000 US TREASURY * tomer repurchases, an unag-gressive way of providing liquidity, every day of this week so far. Tha late weakness in the bond market on Tuesday and GERMANY probably yesterday was partly due to the prospect of substan-CANADA " NETHERLANDS 7/99 tial new supply. The weekly auction of three and six month 7.250 AUSTRALIA Freasury bills on Monday will London closing, "denotes New York close Yields: Local market standard Pric total \$15.6bn, larger than the \$15.2bn expected. Fed Funds ended at 8%. Talk

However, an earthquake in San Francisco gave the mar-kets some edge, amid specula-tion that the stock of insurance it Fed Funds target to 8% per companies would come down nnsettle the equity to AFTER THE upheavals of markets. the past few days the German

were fixed up to 40 pfennigs higher than the day before, and UK government bond markets threatened to ravert to and sustained these levels after

Monti Price Change Yield 104-24 -6/32 11.53 95-10 -8/32 10.61 94-22 -10/32 9.61 11.83 10.76 9.74 11,15 10,34 5,41 8/99 99-27 -3/32 8,02 8/15 100-28 -10/32 8,05 8.04 8.02 JAPAN No 111 4.600 6/96 95.7267 -0.399 5.35 5.48 5.38 No 2 5.700 3/07 104.2852 -0.478 5.23 5.20 5.16 6,750 6/99 96.1500 -0.150 7.01 7.05 6.93 FRANCE BTAN 8.000 7/94 95,6305 +0.236 9,15 9,29 9,94 OAT 8,125 5/99 95,5500 -0.320 9,61 8,84 8,58 9.500 10/98 99.6500 +1.150 8.55 9.59 9.54 88.5400 -0.010 7.46 7.48 7.26 12.000 7/99 \$1.4001 +0.076 13.61 13.69 13.32 Prices: US, UK in 32nds., others in decimal Technical Data/ATLAS Price South

bonds worth DM21.9bn.

German government bonds

THE UK government bond market was on tenterbooks in

7.06 per cent.

day's levels, closing to yield

advance of the important speech to be given today at the Mansion House by Mr Nigel Lawson, the UK Chancellor.

Traders were waiting for statements on the UK's membership of the European Mone-tary System and funding pol-icy. The gilts market has been shrinking as a result of tha budget surplus restricting net new issuance of gilt-edged stock.

In addition, figures due out today on average earnings and money snpply were holding back trade yesterday, and the focus remained on the state of the equity market.

The 111% Treasury benchmark bond due 2003/07 came down # to trade at 111# after Tuesday's close at 1124. The long gilt future, the best

indicator for longer dated stock, closed a fraction higher at 93, while traders said that shorter-dated maturities were the preferred buying choice.

LONDON MARKET STATISTICS

VA 6 ... FT-ACTUARIES SHARE INDICES RISES AND FALLS YESTERDAY LONDON TRADED OPTIONS Same 15 TURNOVER IN the options market puts, with 4,937 calls and 7,966 prompting London to rally. Howolday, wie

BENCHMARK GOVERNMENT BONDS Week ago

the volatile price swings of the week. A repurchase by the Bundeshank Injected abont DM1bn of net liquidity into the market after tha expiry of

> The maturing of three bonds will provide about DM4.7bn more cash on Thursday. The Federal January 1999 bond was well down on Tues-

EQUITY GROUPS Wednesilay October 18 1989 Oct 17 Oct 13 Oct 13 <thoct 13<="" th=""> Oct 13 Oct 1</thoct>		the Institut							Tue .	Mog	Fri	Year
Figures in parentheses show number of stocks per section Inter. Dars S Yiel(7) State (7) Inter.		EQUITY GROUPS	V	Vednes	day Oc	tober 3	18 198	19	Gct ·	Oct	Oct	
Figures in parentheses show number of metry. Day's (Metry in Cate) Vector in Stocks per section No. Day's (Metry in Cate) Index in Metry in Cate Index in Metry in Metry in Cate Index in Metry		& SUB-SECTIONS				Gross	Est.	'ibs' br		_	1	
1 CAPITAL GOUDS (208) 167,12 +1.8 12.73 4.46 9.51 27.62 196.57 85.32 6%.14 821.7 2 Building Materials (2?)		Figures in parentheses show number (Yield%	Yield%	Ratio	1989				Index
1 CAPITAL 60003 (2003) 867.32 +1.3 12.73 4.36 9.61 27.52 89.37 853.32 696.14 023.7 2 Building Materials (27)		stocks per section	No.	Change %	(Max.)		(Net)	to date	No.	No.	No.	No.
2 Building Materials (2?)	-	1 CAPITAL 60005 (208)	867.12	+1.9	12.73	4.86	9.61					829.7
4 Electricals (10)		2 Building Materials (29)	1907.15	+1.8								1034.4
6 Mechanical Engineering (54)		3 Contracting, Construction (37)		+1.7								
6 (Mechanical Engineering GS0) 463.42 +22 11.91 4.77 10.22 14.38 49.37 647.33 +12.5 11.33 4.87 10.33 9.9 Motors (18) 9.9 Motors (18) 9.9 11.45 11.33 4.87 10.33 9.97 342.03 344.64 357.33 265.3 4.04 15.15 437.64 497.33 13.24 9.9 10.00		4 Electricals (10)		1 122		4./0						
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10 Other Industrial Materials (29) 1224.04 +1.5 11.6.1 91.75 107.02 <td></td> <td>a Metals and Metal Forming (6)</td> <td>451.38</td> <td>+2.6</td> <td></td> <td></td> <td></td> <td>15.15</td> <td>439.86</td> <td>442.28</td> <td>461.32</td> <td>495.9</td>		a Metals and Metal Forming (6)	451.38	+2.6				15.15	439.86	442.28	461.32	495.9
ICO Other Industrial Materials (240)		9 Motors (18)	347.33	+1.5								
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225 Food Manufacturing (20)		21 CONSUMER GROUP (184)		+1.8		3.56						
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29 Leisure (34)		7 Health and Household (14)	2386.36	+1.9	6.55	2.01	18.19		2342.69	2381.62	2463.66	
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3	Over 15 years Irredeemables	140.35 163.04	-0.26 -0.33	140.71 163.57	-	12.00 8.83	a 9	H)gh 5 years Coopons 15 years 25 years		10_14 9.70 9.49	9.53 9.12 8.83	a Anematise cover based of Forecast, or e prospectos or for 1990-91.
-6	All stocks Date:-Linkei Up to 5 years Over 5 years	137.42	-0.13		-	11_24 2.79 3.21	11	Index-Linked Inflation rate 5% 5975. Inflation rate 5% Over 5 775 Inflation rate 10% 5 975	3.05	3.89 3.65 2.99	2.92 3.70 1.74	hased on pros estimates for official estim introduction Allocuent, pri
_a	All stocks	136.39	-0.45	137.00	<u>}</u>	3.15	14	Inflation rate 10% Over 5 yrs Debs & 5 years Leans 15 years	3.50 13.56 12.23	3.47 13.73 12.21	3.52 11.80 21.00	Market.
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remaining on the sidelines as the	serie
stock market continued to fluctu-	 whick
ate within a wide range and as	Fo
dealers awaited an Important pol-	- lishe
icy speech tonight by Mr Nigel	
Lawson, the UK Chancellor of the	
Exchequer.	Lond
The FT-SE option index	
scounted for over 40 per cent of	

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unted for over 40 per cent of votume, while individual pany oplione were thinly ed. However, at 12,903 ms, the FT-SE contract turn-was a little more than a half weday's performed the wide

Raca) (*221.)

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Scal. & New (*360.)

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is changing hands. The busilest rises was the October 2,100 pirt, lich traded 1,347 contracts. Following the pattern estab-hed earlier in the week, etten-n was firmly fixed on the FT-SE tolo call options. Dealers said thet while market sentiment was neutrel, institu-tional clients were bearlsh end were unwilling to commit them-setves until a clearer trend emerged. "Once the stock merket etops these random walks and believe it will, then we could see some happy call premium sellers who are long of the underlying stock, "one dealer seid. Traders said the market could Futures Exchange, as traders hoped to glean the etock market'e next move. From late morning onwards, the futures contract was trading at a premium to the cash index, reflecting a belief that the

was a little more than a half elock market would be eet to Trade resday'a, reflecting the wide-ad uncertainty over the likely The futures markets' sentiment Mension to trade of the stock market. Was confirmed when Wall Street the Cha FT-SE turnover was again shrugged off early losses and out the ly divided between calls and moved into positive territory, policy.

Traders said the market could remein quiet today awaiting the Mension House epeech, where the Chancellor traditionally sets out the Government's monetary

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Remaining Koppers businesses make £21m after financing costs Beazer advances 24% to £142.5m

By Andrew Taylor, Construction Correspondent

he said.

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BEAZER, the UK building materials, housebuilding and contracting company which last year paid \$1.74bn for Kop-pers, the Pittsburgh-based pers, the Fittsburgh-based aggregates and chemicals group, yesterday announced a 24 per cent increase to £142.5m in annual pre-tax profits. The British group financed the purchase of Koppers by increase hormorings.

sizeable borrowings. Since then it has sold Koppers' chemical business for \$673m. Even so, group debt was yesterday reported as being £1.13bn, equivalent to 97 per cent of shareholders' funds of £1,17bn.

Even after financing costs, the remaining Koppers' busi-nesses managed to contribute £21m to group profits in the

year to end-June. Mr Brian Beazer, chairman, said the group planued to reduce gearing during the next 12 months. Economic and market conditions in the UK, however, were expected to make life more difficult - particularly for the housing market where high mortgage interest rates were affecting sales. "The group's UK housing sales in the first 3½ months of optimistic about prospects in the US where interest rates, the current financial year are down compared with the corresponding period last year but were comparable to levels in 1987 which was a good year,"

inflation and wage rises were lower than in the UK. He was confident the group would produce satisfactory results in 1989-90 year despite more diffi-cult economic circumstance in US building materials were substantially higher in the the UK,

The acquisition of Koppers and of Gifford-Hill, the Dallasbased cement company purchased in 1986, has substan-tially altered the balance of

£121.3m or 53 per cent of group operating profits of £228.3m. The figures included strong BEAZER OPERATES 17 quarries in the Greater Bay area of San Francisco, devastated on Taesday evening by an earthquake, writes Andrew Taylor. Mr Brian Beazer, chairman of the UK group, announcing the company's latest annual results at noon in London yesterday, said he still had to speak to US managers but it was inconceiv-able that the quarries would not have sustained some damage. This was unlikely to be major and the quarries were expected to be head in action year quickly. performances from Koppers, from housebuilding in Georgia Carolina and Tennessee and from Gifford-Hill's building material husinesses in California. The Texas building materials market remained weak.

This was unintery to be major and the quarties were expected to be back in action very quickly. "The sad thing is that all this destruction and loss of life will produce increased business for our quarties as bridges, roads and buildings are replaced and repaired. Judging by first reports a great deal of work will need to be done," said Mr Beazer. US profits in the previous year - without the benefit of Koppers - were £38m, accounting for just over 30 per cent of operating profits of £124.7m.

UK profits rose from £85.4m to £106.1m. French Kier turned in a loss of £2.6m despite a sharp recovery in the second half. At the half-year stage it had reported losses of £11.4m. Mr Beazer said the group had benefited from exceptional increases in UK house prices in 1988 which had increased margins to levels which were unlikely to be seen again for

some years. During the 12 months the group had sold 6,066 homes at an average price of of £72,000 compared with 6,276 homes at

SS9,000 the previous year. Mr Beazer said he expected the group to sell fewer houses in the UK in the current finan-

cial year. Taxable profits were struck after an exceptional credit of S11.4m relating to the sale of Beazer's holding in BM Group. Group turnover rose 47 per cent from £1.34bn to £1.97bn. Fully diluted earnings per share increased by 20 per cent to 27.45p (22.88p). The recommended final divi-

dend of 5.05p makes a total of 7.5p (6.35p) for the year. See Lex

October 1985

Losses rise sharply to £7.66m at **Dan-Air** By John Ridding

UK COMPANY NEWS

Contraction of the contraction of the second se second sec

DAVIES & Newman Holdings, owner of Dan-Air, the UK scheduled and charter airline, yesterday announced a sharp increase in first-half losses

increase in first-half losses from £1.39m to £7.66m. The shares, which stood at over 900p in February lost another 20p to close at 585p. The company traditionally suffers first-half losses because of the timing of the peak holl-day season but was hit harder this year because of the depressed tour market, an increase in aircraft lease rental payments and a near doubling in interest charges doubling in interest charges from £2.43m to £4.05m.

Hence while turnover increased from £141.6m to £163.9m in the six months to June 30, losses per share soared from 12.6p to 70.6p. The interim dividend is held at

4.5p. However, the group said that the sale of its stake in Dan-Smedvig, an oil drilling and well servicing company. and well servicing company, and the sale of its two Airbus aircraft - one of which will be leased back - should ensure that it comes out in the black by the year-end. In 1988 it made pre-tax profits of £9.92m. Davies & Newman warned in June that Dan-Air had suf-fered a sethack as a result of the downtum in the charter

the downtarn in the charter flight market, particularly in the second quarter. Mr Fred Newman, chairman and founder, said that the down-turn had continued during the summer season although there

had been some improvement in scheduled services. As a result of the forecast reduction in the tour market in 1990, Dan-Air has decided to reduce its number of char-

ter aircraft seats by about 160 out of just over 4,000. The company's shipping business was said to have performed well, as did the travel agency. But the contribution from associated companies fell sharply during the period, from £1.09m to £214,000.

The 50 per cent holding in Dan-Smedvig and a 26 per cent stake in Dan-Smedvig Supply Ships was sold for £2.65m to Smedvig, Davies & Newman's erstwhile partner in the ventares.

WCRS unveils restructuring to focus on media-buying side

Old ownership

By Ray Bashford

WCRS Group yesterday announced details of a restructuring plan which will reduce sharply its involvement in advertising and expand the more profitable media-buying operations.

The deal hinges on the £202m purchase of the 50 per cent of Carat, Europe's leading media buying group, which WCRS does not already own, and the acquisition by Eurocom, the Paris-based advertising group, of a significant minority stake in WCES.

WCRS has been negotiating for more than six months to purchase the outstanding shares in Carat, to add to the shares in Carat, to and to the 59 per cent acquired last year, as a means of expanding its media-buying business and of giving it direct access to the company's strong cash and profits generating

The UK group's media-buy-ing operations returned operat-ing profits of £27.86m in the 14 months to June 30. The contribation from Carat compensated for a weak performance in its traditional advertising business and allowed WCRS to report pre-tax profits of £38.1m, compared with £18.25m in the 12 months to April 30

1938. Speculation has surrounded WCRS shares for the past few months since the negotations became public and triggered several weeks of sharp movements. Directors yesterday requested that trading he suspended at 300p while the agreement was put into

place. Apart from the higher mar-gins that are available in media-huying, WCRS also believes that it lacks the mus-cle to independently finance expansion in advertising and comprise £68.7m cash with the rest in shares. Up to 50 per cent of the deferred payments will be in cash, with the strengthen its competitive posi-tion against the industry's

element, the company intends to issue Buro convertible pref-erence shares. However, direc-tors said that in the light of the majors. The rash of international advertising mergers during the past 18 months has tightened operating conditions and complicated WCRS's task of gener-ating satisfactory profits while remaining independent.

At the completion of the deal, 80 per cent of WCRS's turnover will be generated through media-buying, with the rest derived through public relations, sports sponsorship and advertising.

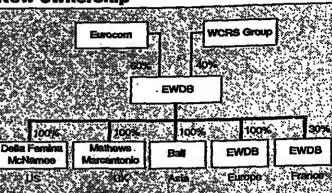


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New ownership

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To finance the initial cash



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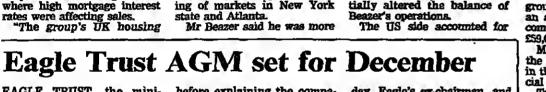
The £202m price for the remainder of Carat compares with £88m paid for the first half. Payment will be split almost evenly between an ini-tial £100m on completion and the vendors and take a 10 per cent stake in WCRS. The French ownership in WCRS could swell to almost 30 per cent if Eurocom chooses to purchase additional shares the remainder in four equal annual instalments. through the market and lift its holding to 14.9 per cent. The initial payment will

holding to 14.9 per cent. The final element of the deal involves Eurocom increasing its holding in the WCRS Adver-tising subsidiary from 20 per cent to 60 per cent and in Groupe Belier WCRS from 51 per cent to 60 per cent. WCRS will receive £43.5m in cash for the sale of the stakes and the achievement of profit targets could lift this by a further

carrent uncertainty in equity markets, alternative financing arrangements had been put in place for use if necessary. Carat vendors will have 25 With Eurocom in control after this restructuring, the companies believe that the new group could become an increasper cent of the enlarged capital of WCRS when the purchase is. ingly powerful force in interna-tional advertising. It is planned completed Eurocom, which is 42 per cent controlled by Havas, the diversified French to issue up to £100m of loan notes to finance expansion, with both companies having media and advertising group, the right to subscribe.

This announcement appears as a matter of record only

October 1969



EAGLE TRUST, the minibefore explaining the compa-

opening months, despite bad weather in the US which had

curtailed construction work.

There were also signs of soften-

conglomerate which is currently the subject of a Serious Fraud Office investigation, is to hold its delayed annual general meeting on December 13. The meeting was originally scheduled for next month.

However, Mr David James, Eagle's new chairman, wants to discover the identity of ben-eficial owners behind a significant stake in the company

It is thought the group's 1968 accounts will not be available until after the December meet-Smith

London on November 3.

separately, the administrators of Paramount Airways have called a meeting for creditors of the charter airline com-pany which used to be con-trolled hy Mr John Ferrithe company's assets",

day, Eagle's ex-chairman, and his partner Mr Richard The meeting will be held in

The administrators hope to establish a creditors' committee and seek approval to dispose of the airline as a going concern or "otherwise realise



This announcement appears as a matter of record only

£500,000,000 **Multiple-Option Facility**

Arranged by National Westminster Bank PLC

Underwritten by

National Westminster Bank PLC The Fuji Bank, Limited The Sumitomo Bank, Limited Midland Bank plc Société Générale, Manchester Branch Amsterdam-Rotterdam Bank N.V. The Bank of Tokyo, Ltd Lloyds Bank Plc The Mitsubishi Trust and Banking Corporation The Mitsui Bank, Limited Rabobank Nederland, London Branch The Royal Bank of Canada The Sanwa Bank, Limited The Tokai Bank, Limited Union Discount Company Limited The Toyo Trust and Banking Company, Limited

Additional Tender Panel Members

Algemene Bank Nederland N.V., Manchester Banca Nazionale del Lavoro, London Branch Banco di Napoli Banque Indosuez Baring Brothers & Co., Limited Bayerische Landesbank Girozentrale, London Branch Cassa di Risparmio delle Provincie Lombarde · CARIPLO, London Branch **Civdesdale Bank PLC** Credit Lyonnais, London Branch The Dai-Ichi Kangyo Bank, Limited Hessische Landesbank Girozentrale, London Branch The Industrial Bank of Japan, Limited Morgan Grenfeli & Co. Limited Istituto Bancario San Paolo di Torino Swiss Bank Corporation Union Bank of Switzerland, London Branch

> Agent National Westminster Bank PLC

NatWest Syndications.

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£320,000,000

Transferable Term Loan Facility

Amanger and Agent Bank **Swiss Bank Corporation**

Lead Managers

Algemene Bank Nederland NV **Deutsche Bank AG** The Industrial Bank of Japan, Limited **Swiss Bank Corporation**

Amsterdam-Rotterdam Bank NV The Fuji Bank, Limited The Sanwa Bank, Limited Union Bank of Switzerland

Managers

Banca Nazionale del Lavoro **Bayerische Landesbenk Girozentrale** Kansallis-Osako-Pankki Westdeutsche Landesbank

Participants

Banco di Napoli **Ctydesdale Bank** Hessische Landesbank-Girozentrale The Sumitomo Bank, Limited

Swiss Bank Corporation Investment Banking

Barclays Bank PLC Istituto San Paolo di Torino **Rabobank Nederland**

Banque indosuez Credit Lyonnais National Westminster Bank PLC Union Discount Company Limited

WE ARE INNOVATORS.

WE SET THE PACE

WITH A STRING OF SUCCESSES.

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requested that its shares,

which were suspended in

March at 490p, should resume

trading. Yesterday, they fell to

365p. The defeat of Alpha Gam-

ma's proposals illustrates the family feud which has been a

UK COMPANY NEWS

Recent tremors fail to destabilise restructure plans Nikki Tait on the possible fall-out for BAT and the Hoylake threat after the events of the last week

T IS a telling fact that BAT Industries, the tobaccobased conglomerate which has been under the threat of a hostile bid from Sir James Goldsmith's Hoylake consortium, is not quite sure how much space will be needed for today's extraordinary meeting.

26

At noon today, shareholders will be asked to approve the company's own restructuring plans.

On the one hand, even a par-tial dismemberment of the UK's biggest conglomerate ought to be a matter of intense investor interest.

Moreover, two recent world news events - the jittery mar-ket for leveraged deals in the US and the San Francisco earthquake - have turned the spotlight back on the company. In the former case, there is the question of whether Hoylake's future plans might be affected; in the latter, there is the issue of how BAT's California-based insurance subsidiary, Farmers

Group, will fare. On the other hand, there seems little doubt that the motions being put to the meet-ing will he passed. With ing will he passed. With proxies due in two days ago, BAT is already saying that those who have voted appear to be overwhelmingly in

favour. That much could probably have been gleaned from insti-

THORNTONS, the chocolate

maker and retailer, yesterday

reported a strong increase in

pre-tax profits to £10.09m in

In the previous 52-week period, profits were £7.55m.

Turnover rose from £52.5m to

Mr John Thornton, chairman and chief executive, said that

75 per cent of turnover - more

than £45m - came from company-run shops and franchise

outlets. Their numbers had

increased from 280 to 305 over

the year and sales growth was more than 11 per cent. The

supply of chocolates to other

the 56 weeks to June 24.

By Jane Fuller

£63.92m

tutional reaction anyway BAT True, the response to the five point proposals - which involve the demerger of BAT's paper and Argos retail inter-110 ests into two separate quoted companies, plus the sale of other retail subsidiaries and 108 miscellaneous interests - has

varied. Many fund managers have expressed outright enthus even gratitude. Some others have been more restrained, but only to the extent that they question whether there is much logic in the continued marriage of tobacco and finan-

cial services. Even those who take this latter view are unlikely to quarrel with today's motions. As one Will though a manager in this camp fund manager in this camp puts it: "We'll vote in favour. We still question why they etopped short, and we don't believe this is the end of the process. But we've told BAT that our vote today is not binding on us to support manage-

prising.

nent in the future." This is not particularly sur-

850p at one stage. The events of the last few dsys have rather spoilt this Analysts have, after all suggested that the restructur-ing should appease institu-tional fears ebout a sharp share price fall in the absence of Sir James' attentions - the

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against a 4.4 per cent tumble in the market. The common explanation of this underperformance is that it represents

a sin in Petrick Sheehy: seeking Oct approval for restructuring In early October, ahead of the latest stock market tur-moil, interpretations of the the disappearance of some hid premium In short, the market had

"worth" of the package, in terms of the share price of the group, as it is currently structhought Hoylake would make a new hid once it had gained the necessary regulatory cleartured, ranged from around 820p ances from the US insurance commissioners for a change of to more than 900p. BAT shares duly ontper-formed the market after the ownership at Farmers, and it bumped up the price accordingly.

restructuring was announced. They rose from about \$15p to the recent movements doubly puzzling

On the one hand, if their earlier valuations were correct, that bid premium should not happy picture. On Monday and Tuesday, BAT shares fell 8.2 per cent, have been there in the first place. On the other, at least some BAT-watchers dispute whether a new Hoylake bid has ectually

Thorntons accelerates to over £10m and plans more outlets

become that much more difficult in the light of recent events on Wall Street.

Hoylake itself gives some credence to this view by indic-ating that it will still pursue the necessary US clearances. True, it now has Aza Midi Assurances, the French-based insurance company which would buy Farmers in the event of a successful Hoylake bid, bolstering its US campaign - so effort and costs are spread to some extent.

But any US clearances are well into 1990 at best - by which stage the state of the leverage market is anybody's

And BAT's own restructur-ing, coupled with the Ara presale, has changed Hoylake'e sums anyway. It is at least arguable that the insurance commissioners - not the financiers - remain Hoylake'e real problem.

In the meantime, BAT'e share picture has been compli-cated further, as the market yesterday tried frantically to assess the effect on Farmers of the San Francisco earthquake.

BAT maintains that the direct impact is small. Farmers has 13 per cent of the domestic buildings/auto market in Calif-ornia, but says that only 14 per

cent of policies have earthquake cover and, even here excesses are significant. It also does not insure buildings built hefore 1950.

> More critically, however, this insurance is entirely in the reciprocal insurance exchanges which Farmers manages, rather than via policies written by the group itself. The conglomerate maintains that the risks have been "strongly rein-sured", and that the exchanges have surpluses of some \$20n anyway.

In theory, then, the knock-on effect would come if claims were sufficiently high to seri-ously dent these, and Farmers' growth was impaired while the surpluses were rebuilt.

Yesterday, with the extent of the damage only sketchy and amid talk of a positive impact on premium rates, the market was inclined to give the com-pany the benefit of the doubt, at least will the states at least until the picture clears.

BAT shares fell sharply in early trading but closed 5p higher at 761p.

Whether the company's shareholders spare the time to come to today's meeting may be open to question; that there remains plenty to discuss is

MTS will meet Twigrealm today to discuss offer

By John Ridding

THE BOARD of Meat Trade Suppliers, the sausage casing Suppliers, the sausage casing and butchers' sundries com-pany, is considering an offer from Twigrealm, one of the two property companies fight-ing for control of MTS, after shareholders' rejection of the rival offer from Alpha Gamma, rehigh it supported which it supported. Advisers from MTS and Twi-

family fello which has feature of the battle for control of MTS. The faction loyal to Mr William Anstis, who was ousted from the chairmanship greaim will meet today to disby Mrs Samantha Allen, his cuss the latter'e 350p per share daughter, control about 25 per cent of the shares and are conoffer, which values MTS at 29.18m, But MTS said that Twitractually committed to sup-

Alban, But MIS san that I will greahn's proposal was only one of a number of options. Alpha Gamma's complex proposals involved it paying 372p for two out of every five MTS shares, with MTS simultatractually committed to sup-porting Twigrealm's offer. It also appears that the trust-ees of the grandchildren from both sides of the family, which represent about 18.7 per cent of the change would arguingt the represent about 18.7 per cent un the shares, voted against the Alpha Gamma scheme. Twigrealm is a newly formed vehicle headed by Mr Freddy Hirsch, a South African butch-ers' supplier, and Mr Stephen Warmerte a warerty developer. neously paying £12.55m in shares to ecquire Alpha Gamma. Shareholders rejected Gamma. Snareholders rejected the offer at Tuesday's extraor-dinary general meeting. Of the votes cast, 61 per cent rejected the proposal, and this represented more than 50 per cent of the total number of

ers suppner, and ar Schlein Wingate, a property developer. The company said that share-hokiers had been given a clear choice and hoped the MTS board would support its offer. After the vote, MTS

US expansion for Lucas with \$15m automotive buy

By Clare Pearson

sharehol

LUCAS INDUSTRIES, the LUCAS INDUSTRIES, the aerospace, antomotive and industrial group, is planning to beet up its capability in car body electronic systems with the purchase of Cirtek Corpo-ration, a US automotive parts company, for \$15m (29.5m). Cirtek, hased in Michigan, makes a range of electronic Although productivity has been improved through investment, there may be some pres-sure on the 20 per cent of costs accounted for by labour. Its makes a range of electrouic and switching controls for the car industry. Lucas said yester-day it bad targetted this prod-nct area, one of the fastest growing parts of the automo-

tive industry, as an area for

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expansion. The purchase of Cirtek depends on acceptance by minority shareholders. Founded in 1982, it has annual sales of more than \$25m.

Lest month Lucas ended a three-year old joint venture in heavy duty braking systems with Echlin, the large US car parts manufacturer. It said the two parties had different views on the development of the market for these systems.

Dſ	VIDENDS	ANNO	UNCE	

	Current	Date of payment	Corres - ponding dividend	Total for year	Totai iast year
Banner Homes §int	0.8		1		2.8
Beazer		Jan 2	4.25	7.5	6.35
Boot (Henry)int			5.5	-	17.5
Bridgend Groupint		Dec 6	0.25		0.65
City of Oxford 11			-		
Clieid Props		Dec 29	6	-	18
Cradley Groupfin			0.9	1	0.9
Device & Nowmanint			. 4.5		17
Eng Nat prof'dint	4.75	Dec 8	4.15	-	13
Eng Hat def'd	23	Dec 8	1.7	-	8,1
Fernell Elect	2.1	Dec 8	1.8		4.2
Handoor Siddelary	10	Dec 29	84	-	22.5

retailers, such as Marks and Spencer, contributed £8.3m and showed the strongest growth continue, led by the opening of between 30 and 40 outlets e rate of nearly 20 per cent. Thorntons owns 27 Mary

invested in new outlets, refur-

bishment and production

Although the hot weather in July and August had made a traditionally slack period even Morrison card and gift shops in Scotland, which contributed 15.1m. It also benefited from 11 slacker, he was confident that months of sales - £1.7m - at Gartner Pralines, its Belgian prospects were good for the Christmas season, which accounts for 30 per cent of subsidiary, and from £827,000 of property sales. Mr Thornton said the com-pany made 95 per cent of the sales. Easter was a close second with 25 per cent. The year-end was changed from May to June to allow each half to get items sold in its shops in order to ensure freshness and qual-ity. Some £8.4m had been the benefit from one of the hol-

idays. Thorntons has just completed the acquisition of two

equipment. Expansion would French companies: Sogeco, which has 55 shops, mainly in Paris, selling chocolates, sug-ared almonds and ice cream, and Société Nouvelle de Confi-

A number of analysts find

serie, which has 11 shops in Normandy and Brittany. Mr Alan Goodwin, finance Mr Alan Goodwin, finance director, said these purchases had used up much of the £5.5m raised by the flotation, but the company remained without gearing. The Sogeco shops had been losing money and he did not expect them to be profit-able until the next financial

was floated, was 2.1p. O COMMENT

After a tasty first set of fullyear results since flotation, the going may get tougher. Two sticky areas are the squeeze on the UK consumer and the dilution of profits from Paris. Sales growth should be protected by the relatively low price of its products and the propensity of people to give themselves little treats in spite of the economy. Maintaining profit margins may be more difficult. able until the next financial

Earnings per share grew to 10.19p (8.67p) and a final divi-

dend of 1.68p makes a total of 2.5p. The notional dividend in May 1988, when the company

expansion into continental Europe is applauded, but even with low gearing. Thorntons will lose the advantage of net interest receipts, which con-tributed £824,000 in 1388-89. Pre-tax profit for the current year is expected to be between film and fil.5m, giving a pro-spective multiple of 12, close to the sector average. There is little liquidity in the shares, more than 70 per cent of which are held by the family.

Celestion reveals error in interim figures

stake.

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Correction

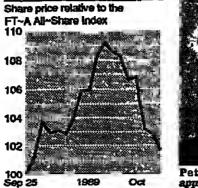
tribution, giving no figures.

BOARD MEETINGS

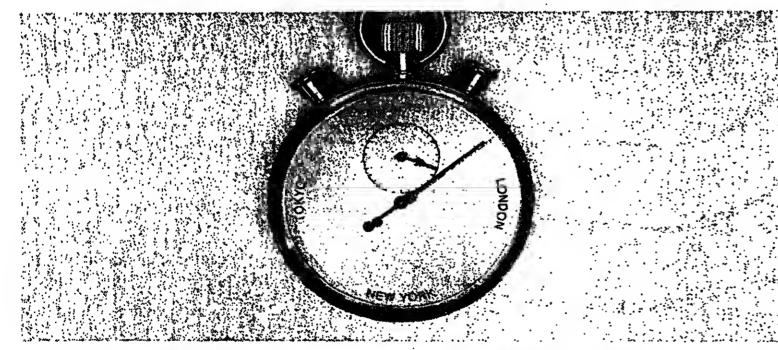
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AN ACCOUNTING error meant Celestion Industries, the cloth-ing and loudspeaker manufacturer where new broom man at was brought in a year ago, sharply overstated both its trading profits and interest charges in half-year results announced last month. An error on consolidation meant the interest charge was inflated from £274,000 to £465,000 while trading profits.

by Clare Pearson

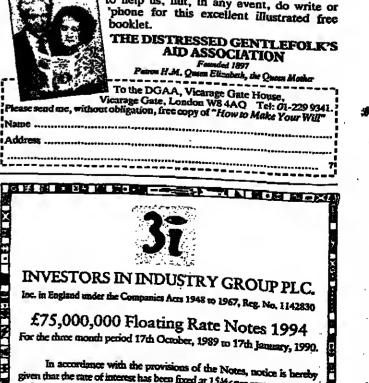
.0.5 6† 10.5 Jan 4 3.7 Nov 24 3.375 3.7 3.375 1.68

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. 1On capital increased by rights and/or acquisition issues. SUSM stock. SSUnguoted stock. 4Third market. *Carries scrip option. In shrish currency. It No comparisons, capital reorganised in February 1989. Second Interim to make 1.8750

which should have read 'I can't £24,000, came out at £215,000. The net loss before taxation was correctly etated a 5217,000. Mr Charles Byder, Celes-tion's chief executive who is an ex-merchant banker, said: believe it! "Obviously this is a highly regrettable oversight, but we have made an announcement BUT IT'S TRUE. Not leaving a legal as soon as the error was iden-tified." valid Will behind you could mean that your family inherits only worry, "Everybody makes a slip artache and hardship. They could even from time to time," he added. The problem with the origi-nally stated figures was that lose the family home that you assumed would be theirs by right. Thet is why - however modest your 'estate' mey be - it is so the trading profit included interest payments on inter-company loans which should have been netted off against the interest charge. Mr Ryder, a former director of BZW Securities, has instituted a sweeping programme of restructuring since he took over Celestion last autumn after acquiring, along make your Will HOWTO with a group of City-based investors, a 29.9 per cent Celestion's shares closed 5p higher at 61p yesterday. booklet. S Jerome & Sons In our report (October 12) on Jerome's interim results, the sales and profits figures for Gardiner of Selkirk referred to the first half of 1988, before the acquisition by Jerome. For the six months to June 1989, Jerome said only that Gardiner had made "an important con-



important that you make (or update) a proper Will, now. It's not difficult, or expensive. Our 16-page booklet tells you all you need to know ... and how to leave as much as possible to those you really care about - including, if you wish, a deserving Charity like the DGAA. For over ninety years this Charity has been helping to lift thousands of kindly people from the mental and physical abyss of bereavement, financial crisis and approaching frailty. THIS EXCELLENT BOOKLET IS FREE! - yours for the asking, without any obligation whatsoever. Why? Because the very existence of our very speciel Charity depends to a great extent on the extraordinary 'Will Power' of legacies. So naturally we hope you will want to help us, hut, in any event, do write or



given that the tate of interest has been fixed at 15% per cent, per annual and that the interest payable on the relevant interest payment date, 17th rary, 1990, against Coupon No. 21 will be (1,914.04 from Notes of £50,000 nominal and £191.40 from Nores of £5,000 nominal

S.G.Warburg & Co. Ltd. (Agent Bank)

UK COMPANY NEWS

NEWS DIGEST

dives to £168,000

Banner Homes

UK ECONOMIC INDICATORS

Eng.

35.6 37.3 34.9 34.9 34.9 34.9 34.9 37.0 37.4 37.4 37.1

intrad. goods

146.0 105.0 107.3 196.9 197.1 195.9

Mig. output

110.8 112.4 115.6 117.0 116.1 116.7 116.7

118.4 118.4 118.4 118.8 118.4 118.4 118.4 118.7 118.7 118.2 128.8

goods.

148.8 113.9 115.5 116.1 116.2 116.1 116.5

indi, prod,

167.3 188.3 110.5 116.1 116.6 118.6 109.7

148.8 108.3 168.8 168.5 168.5 168.5 168.5 168.5 168.3 168.3 111.1

Gnemer. goods

111.8 112.5 113.7 114.4 112.8 114.3 123.5

OUTPUT- By market sector, co and tuels); engineering output housing starts (000s, monthly

1st gtr. 2nd gtr. 3rd gtr. 4th gtr. October

October Novemb Dacamb 1969 Ist qtr. 2nd qtr. January Rebruar March May June June July August Sept

2nd qtr 3rd qtr 4th qtr Sept. October

Novemb Decemb Tiel Ist gir. 2nd gir. January February Marth

ECONOMIC ACTIVITY- indices of industrial production, manufacturing output [1985 = 100); engineering orders (£ billion); retail sales volume (1985 = 100); retail sales value (1985 = 100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

Retail vol.

117.8 118.7 120.1 121.0 121.0 121.0 720.7 121.1

121.5 122.3 119.0 122.1 122.5 101.3 121.5 121.5 121.5 121.5 121.5 121.5 121.5

Eng. output

110.7 114.8 116.6 116.5 116.5 117.0 117.0

-4,777 -4,907 -1,646 -1,814 -1,317 -1,853 -1,402 -1,852 -2,185 -1,997

Retali Viliut

118.7 122.7 126.9 158.4 182.5 145.2 161.3

125,4 132,7 134,3 122,8 127,4 131,4 131,4 133,4 133,4 136,6 134,0

Matei onlig.

120.5 123.7 124.3 120.0 120.0 120.0 125.0

0 +125 +134 +58 +99 +61 +89

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246.8 255.2 244.3 244.9 251.8 245.2 235.3

226.7 229.2 229.2 229.2 229.2 222.1 218.2 226.4 219.9 216.7

House starts

\$2.3 20.4 18.4 20.1 16.6 21.4 14.2

50.48 43.57 51.71 61.68 50.48 47.26 46.09 43.87

43.63

13.00 12.00 13.00 14.00 14.00 14.00 14.00 14.00

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2,496 2,364 2,228 2,101 2,108 2,105 2,037

1,952 1,834 1,968 1,969 1,917 1,858 1,836 1,816 1,787 1,751

Textile etc.

100.5 162.1 101.7 102.0 101.5 101.6 103.0

Heavy investment in new aerosol plant at root of downfall **Receivers appointed at Talbex**

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RECEIVERS have been appointed at Talber Group, a contract filler of consumer aerosol products, after the company failed to find a financial saviour. Talber's shares were suspended at 6%p on October 4 October 4. Talbex is the second publicly

Talbex is the second publicly quoted UK company to go into receivership in less than a week, following Sharp & Law, the Bradford-based shopfitter. Receivers have also been appointed at several private groups, the largest of which was Finlays, a chain of news-agents.

agents. On Tuesday, Mr Gordon Horsfield and Mr Roger Marsh of Price. Waterhouse's Leeds office were appointed joint administrative receivers of Talbex and 11 of its subsidiaries at the request of Royal Bank of Scotland, the company's lead banker. Talbex owed the bank £9.3m.

Sion as a going concern. Employing 250 people, it includes one of Britain's most advanced aerosol-filling facili-ties at Scunthorpe, which has been operating at only 20 per cent of capacity.

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Negotiations are also likely to resume for a management buy-out of Oamond Aerosols, Taibex's less modern Grimsby-band committee based operation. Victoreen, a US designer and manufacturer of radiation

monitoring equipment which. Talbex bought last year for \$12.5m (\$7.9m), is also for sale. It is not in receivership. Royal Bank yesterday said Talbex's future had been given

"very intense consideration at the highest level over the past few weeks. It was not a decision that was taken lightly." Talbex's financial troubles arise in part from its heavy

The receivers will seek a investment at the Sounthorpe but informed the company buyer for Talber's acrosol divi-sion as a going concern. than chlorofluorocarbons is months later and 12 days after than chlorofluorocarbons, is used as the propellant in aero-sol products. The spending coincided with - and contrib-uted to -, considerable overca-pacity in the aerosol market. Of Talber's \$9.5m outstand-ing mail miter failing att

ing multi-option facility with Royal Bank, £1.1m was bonded, £2.5m was secured against the Scunthorpe factory, and the rest was an overdraft.

Although Talber reported a Although Tablet reported a £1.06m pre-tax profit in the 12 months to July 1968, after two years of losses, it plunged £976,000 into the red at the interim stage this year. In Sep-tember it warned again of poor trading results. Separately, Talber has announced that Mr Walter Jewitt, a main board director

and managing director of Osmond Aerosols, had sold 129,000 shares on August 17,

the shares were suspended. Mr Jewitt sold the shares at

26½p, raising a total of £31,800 before expenses. At the suspension price, the same shares would be worth only 27,800. Mr Jewitt still owns 290 Talbex

shares. The Companies Act normally requires directors to disclose dealings in their company's chares within five working days. Mr Jewitt said yesterday that the delay in disclosure was a "pure oversight" and that the shares had been sold to raise funds for the proposed buy-out of Osmond. Talks on that deal ended

with the appointment of receiv-ers at Talbex, but Mr Jewitt said he hoped to renew negotiations. Financing for the MBO was "70 per cent in place," he said.

contributed to rental growth for the first time. Turnover totalled £12.7m (19.42m). Earnings emerged at 17.97p (16.35p) and the interim is increased to 6.5p (6p). PROFIT MARGINS of Banner Homes, a USM- quoted house-builder operating mainly in Oxfordshire and Buckinghamshire, were severely hit in the six months to June 30. Turnover advanced from

firmover any and the formation of the second **English National** assets advance

English National Investment Company, an investment trust, yesterday announced net assets at September 30 of 349.29p per preferred share and 274.29p per deferred share – advances of 18 per cent and 24 per cent respectively on a year earlier Directors said the damage was caused by higher interest rates and increased competition for fewer buyers. How-ever, the industrial and commercial property sector had performed well and rents had risen substantially on review, earlier.

Earnier. Earnings per £1 preferred worked through at 7.6p (6.55p), with the interim dividend raised to 4.75p (4.15p). Defarred shares showed an increase in earnings to 5.15p (4.10p), with a

worked through at 7.5p (6.55p), with the interim dividend raised to 4.75p (4.15p). Defarred shares showed an increase in earnings to 5.15p (4.10p), with a dividend of 2.3p (1.7p).	Title Ist gtr. 2nd gtr. January February March May June Jany August	114.8 114.8 114.7 115.3 114.7 116.1 114.8 114.8	118.8 117.8 128.1 113.7 118.4 115.1 118.4 115.1 120.9 121.4 122.9	102.0 102.1 104.2 104.2 104.9 104.9 104.9 102.8 102.8 105.5	118.3 118.0 118.0 118.5 118.0 118.6 118.0 118.0 118.0 118.0 118.0 118.0 118.0 118.0 121.0	130.4 122.7 137.6 125.0 125.0 136.0 125.0 125.0 126.0 125.0	19.3 98.7 58.0 198.0 98.0 98.0 98.0 98.0 98.0 98.0 98.0	17.3 19.8 19.4 15.8 18.4 19.8 17.0 14.8 13.6
Modest assets rise	EXTERNAL 7 belance (Em)	RADE- Indice ; oil belance	s of export (Cm); terms	and Import of trade (1	volume (1) 1965 = 100);	285 = 100); vi official resea	sible belan ves.	ice; current
at First Charlotte		Export	import volume	Visible balance	Current	Oil belance	trado	Reserve US\$br
and a second sec		107.9	110.8	-1 020	3.051	+730	97.0	44.84
	2nd etr	114.5	128.2	-4,630	-2.761	+ 965	97.1	48.52
Charlotte Assets Trust	3rd opr	112.8		-6,724	-3,410	+ 827		50.48
increased by 4.3 per cent to				4,465	5,365	+ 389	98.7	61.09 57.04
		100.3		-1,850	-1,565	+ 152	97.3	\$1.00
			1.00.00					
		112.8	140.4	-5.980	-4.777	+241	98.7	50.48
interim period was £245,000						+291	98.6	43.67
(£201.000) and pre-tax profits	January	117,1	145.1	-2,047		+ 115	96.9	51.71
	with the interim dividend raised to 4.75p (4.15p). Defarred shares showed an increase in earnings to 5.15p (4.10p), with a dividend of 2.3p (1.7p). Modest assets rise at First Charlotte Net asset value of First Charlotte Assets Trust increased by 4.3 per cent to 15.28p at end-September. Gross revenue for the interim period was £245,000	worked through at 7.5p (6.55p), with the interim dividend raised to 4.75p (4.15p). Deferred shares showed an increase in earnings to 5.15p (4.10p), with a dividend of 2.3p (1.7p). Modest assets rise at First Charlotte Net asset value of First Charlotte Assets Trust increased by 4.3 per cent to 15.23p at end-September. Gross revenue for the interim period was £245,000	worked through at 7.5p (6.55p), with the interim dividend raised to 4.75p (4.15p). Defarred shares showed an increase in earnings to 5.15p (4.10p), with a dividend of 2.5p (1.7p). Modest assets rise at First Charlotte Net asset value of First Charlotte Assets Trust increased by 4.3 per cent to 15.25p at end-September. Gross revenue for the interim period was £245,000	worked through at 7.6p (6.55p), with the interim dividend raised to 4.75p (4.15p). Defarred shares showed an increase in earnings to 5.15p (4.10p), with a dividend of 2.5p (1.7p). Modest assets rise at First Charlotte Net asset value of First Charlotte Assets Trust increased by 4.3 per cent to 15.25p at end-September. Gross revenue for the interim period was £245,000	worked through at 7.6p (6.55p), with the interim dividend raised to 4.75p (4.15p). Defarred shares showed an increase in earnings to 5.15p (4.10p), with a dividend of 2.5p (1.7p). Modest assets rise at First Charlotte Net asset value of First Charlotte Assets Trust increased by 4.3 per cent to 15.25p at end-September. Gross revenue for the interim period was £245,000	worked through at 7.6p (6.55p), with the interim dividend raised to 4.75p (4.15p). Defarred shares showed an increase in earnings to 5.15p (4.10p), with a dividend of 2.Sp (1.7p). Modest assets rise at First Charlotte Net asset value of First Charlotte Assets Trust increased by 4.3 per cent to 15.25p at end-September. Gross revenue for the interim period was £245,000 Bt dtr. 114.3 114.4 117.4 104.6 118.5 124.0 118.5 124	worked through at 7.6p (6.55p), with the interim dividend raised to 4.75p (4.15p). Defarred shares showed an increase in earnings to 5.15p (4.10p), with a dividend of 2.Sp (1.7p).THE THE THE THE THE THE THE THE THE THE	worked through at 7.6p (6.55p), with the interim dividend raised to 4.75p (4.15p). Defarred shares showed an increase in earnings to 5.15p (4.10p), with a dividend of 2.Sp (1.7p). Modest assets rise at First Charlotte Net asset value of First Charlotte Assets Trust increased by 4.3 per cent to 15.25p at end-September. Gross revenue for the interim period was £245,000 Bet dt. 1443 1144 1402 4444 45,860 4,777 + 241 98.7

16 per cent increase in pre-tax profits to 53.29m for the first six months of 1989. Directors said the results showed a continuing increase in rental income generated by the company's investment portfolio. The rise in the interest charge, from \$477,000 to \$22.56m, was primarily attribut- ahle to those properties which	tet gir. 2nd gir 3nd gir 3nd gir An gir. November Desember 186 gir. 2nd gir. 2nd gir. 2nd gir. 2nd gir. 2nd gir. 2nd gir. Anuary March April Masy Juny Juny August September	107.3 114.5 112.6 187.3 198.3 198.3 118.1 118.1 115.4 115.4 115.4 113.4 113.4 113.5 113.5 111.1	119.8 124.2 124.2 134.7 131.3 133.2 140.4 140.2 145.1 138.0 138.4 145.2 140.0 138.4 148.2 140.0	-4,228 -4,220 -5,724 -1,490 -1,416 -5,822 -2,047 -2,215 -1,725 -1,725 -1,725 -1,725 -2,297	
House of Lerose shows 19% gain to £605,000	FINANCIAL-M stering lends all seconally	ng to privat	IB SOCIOF,	building a	80
			*	*	

September				.,			42.88
FINANCIAL- sterling lond	ting to prive	ID DOCLOF	building	societies'	net inflor	N, CONSUM	ge); bani ar credit);
	MO	M2	***	Bank lending Crit	BS Inflow Em	Cnemer, creditt	Base rate %
1968							
2nd opr	8.8	14.6	26.6	+ 22,365	4,173	+1,422	8.50
Sed opr.	77	18.8	13.6	+ 22,492	2,162	+ 296	11.59
4th ptr.	7.7	16.8	17.5	+13,680	3,168	+797	12.70
October	7.7	17.1	17.8	+ 6.381	1,563	+ 162	12.00
November	7.7	15.4	17.4	+ 5,908	766	+ 349	13.00
December	77	18.8	17.0	+7,300	819	+266	13.00
1st gtr.	5.7	15.2	164	+ 21,235	2,661	+814	13.00
2nd atr.		12.5	15.3	+ 21,215	1,736	+ 964	14.00
						1.044	

Petrocon helped

ment was attributable to both the UK and Dutch garment by rationalisation

Petrocon Gronp, where a subsidiaries which were the change of management and a capital restructure took place earlier this year, raised profits from £108,000 to £511,000 premain contributors to the growth in turnover. The results were also helped by increased interest received due tax for the six months to end-Tax took £214,000 (£229,000) June. Turnover rose over film

leaving earnings 1.5p up at 6.9p. The interim dividend is maintained at 3p. to £4.55m. to £4.55m. Earnings worked through at 1.91p (0.56p) and dividends are being resumed via an interim of 0.5p. Petrocon is a valve maker and survey group. During the period trading was satisfactory with both operating divisions gaining from the hemefits of the ration-

Silvermines shoots

and survey group. During the period trading was satisfactory with both operating divisions gaining Pre-tax profits surged from

\$8.06m to £7.34m. After tax of £62,000 (£34,000) earnings per 10p share were 0.8p (0.95p). The interim dividend is increased to 0.35p (0.25p). Jentuary Rebruary March Aprti May Jude Jude August Beptembe +241 +263 +310 +335 +467 +165 +245 +370 16.7 16.2 15.8 16.4 12.2 10.6 70.6 18.5 18.4 18.2 18.5 19.1 16.8 17.7 +8,870 +4,768 +7,777 +7,127 +6,597 +6,597 +6,597 +6,597 +6,597 +6,597 +6,597 +6,597 +6,597 784 1,064 818 1,175 713 -153 846 821 INFLATION-Indices of carrings (1985 - 100); basic materials and justs; wholesald manufactured products (1985 - 100); whall prices and food prices (Jan 1987 - 100 companying large (Jan 1987 - 107); brids which of whiles of starting (1975 - 100)

Eam-Basic Winale, mais,* maig." Ret 103.7 104.2 104.2 109.9 199.9 199.0 199.0 208.5 104.8 104.7 105.7 705.7 106.5 1,747 1,817 1,902 1,887 1,887 1,889 76.3 77.0 75.9 77.1 77.1 122.6 124.5 127.0 181.3 730.7 134.3 111.0 112.8 113.9 115.2 115.2 115.4 134.0 138.4 138.5 138.5 134.9 135.5 135.5 102.8 104.4 134.0 101.8 182.4 102.9 104.7 118.2 118.2 116.6 116.8 117.2 117.3 114.3 111.7 114.9 111.0 111.8 112.3 114.3 115.0 107.8 115.2 107.4 107.7 108.3 109.6 110.3 1,974 2,838 1,969 1,954 1,998 2,016 2,016 97,1 93.6 97.9 97.4 95.5 94.3

EMAP forms first European partnership By Raymond Snoddy

EMAP, the fast-growing British aimed at the over-50s.

publishing and communications group, yesterday formed its first European partnership, a joint venture with the French publishing group

Bayard Press. The two groups have been brought together by what is known in the trade as "the maturity market."

is-based Bayard Press is Notre Temps, a monthly magazine

The magazine is one of France's top ten sellers, with a circulation of 1.3m, no less than 1.1m of it on subscription.

The leading title of the Par-

The 50-50 joint venture is with Choice publications, the EMAP subsidiary which publishes Choice, the monthly market leader in the pre-retirement market with a circulation

Amber announced yesterday

of 74.140. Last year Choice Publica-

over-60s The financial terms of the joint venture were not disclosed, but about £5m is likely

to be spent developing the over-50s publishing market in the UK. Mr Hubert Chicou, managing director of Bayard's interna-tional publishing division, said yesterday there was already the skeleton of a good maga-

the same site.

tions also acquired Yours, the zine in Choices. "We think we monthly newspapers for the can adapt the skeleton," he said. In particular the French pub-lishers believe they can advise

on bringing a more practical edge to its editorial content and increasing its circulation

Amber Industrial plans chemicals expansion

AMBER INDUSTRIAL Holdings, the industrial aero-sols manufacturer controlled by the Cayzer family, is to buy-two speciality chemical companies for up to £2.36m.

The acquisitions will be funded by an open share offer aimed at raising £4.72m. The one-for-two offer will be made at 385p per share, against yesterday's closing price of 420p,

down 7p. The balance of the offer proceeds will fund further expansion in the speciality chemicals sector.

that it hoped to declare an interim dividend of 4.4p for the first half of 1989-90, against 3.75p in the equivalent period. Caledonia Investments, the Cayzers' investment group, is to reduce its holding in Amber from 80 per cent to 75 per cent

following a request from the Stock Exchange, which requires all quoted companies to have at least 25 per cent of

free equity. Amber is buying Servo-Chem, which supplies industrial maintenance chemicals -

cleaning finids and degreasing solvents, for example - and its £1.86m in shares for 92.5 per cent of a new company formed to buy the two businesses. The balance will be retained by Sersister company Formal Blending, which manufactures for Servo-Chem and a number of vo-Chem's managing director. other commercial customers. Some £300,000 cash will be Both companies are based in paid for certain fixed assets Weston-super-Mare, Avon. Amber intends to use £1.5m

and stocks plus a further £200,000 if the two companies' of the surplus offer proceeds to move its Ambersil industrial aerosol subsidiary from Bas-ingstoke to Bridgwater, Somerprofits in the year to March 1990 exceed a total of £385,... before tax.

In 1988-89 the businesses set, next year. Eventually Forreturned an aggregate net loss mal Blending will be moved to of £24,000, but Amber said it had identified certain immedi-Amber will pay an initial ate opportunities to cut costs.

1

Earnings fell from 7p to 1.3p after a nil (£461,000) tax charge and the interim dividend is cut back from 1.1p to 0.8p Chesterfield Properties grows

they added.

In spite of a rise of over £2m interest charges Chesterfie Properties was able to record

16 per cent increase in prot profits to £6.29m for the fin six months of 1989. Directors said the result showed a continuing increase

The House of Lerose, a designer and manufacturer of

ladies' fashionware, posted a 14

per cent increase from £529,000

to £805,000 in pre-tax profits, on turnover ahead 11 per cent to

Directors said the improve-

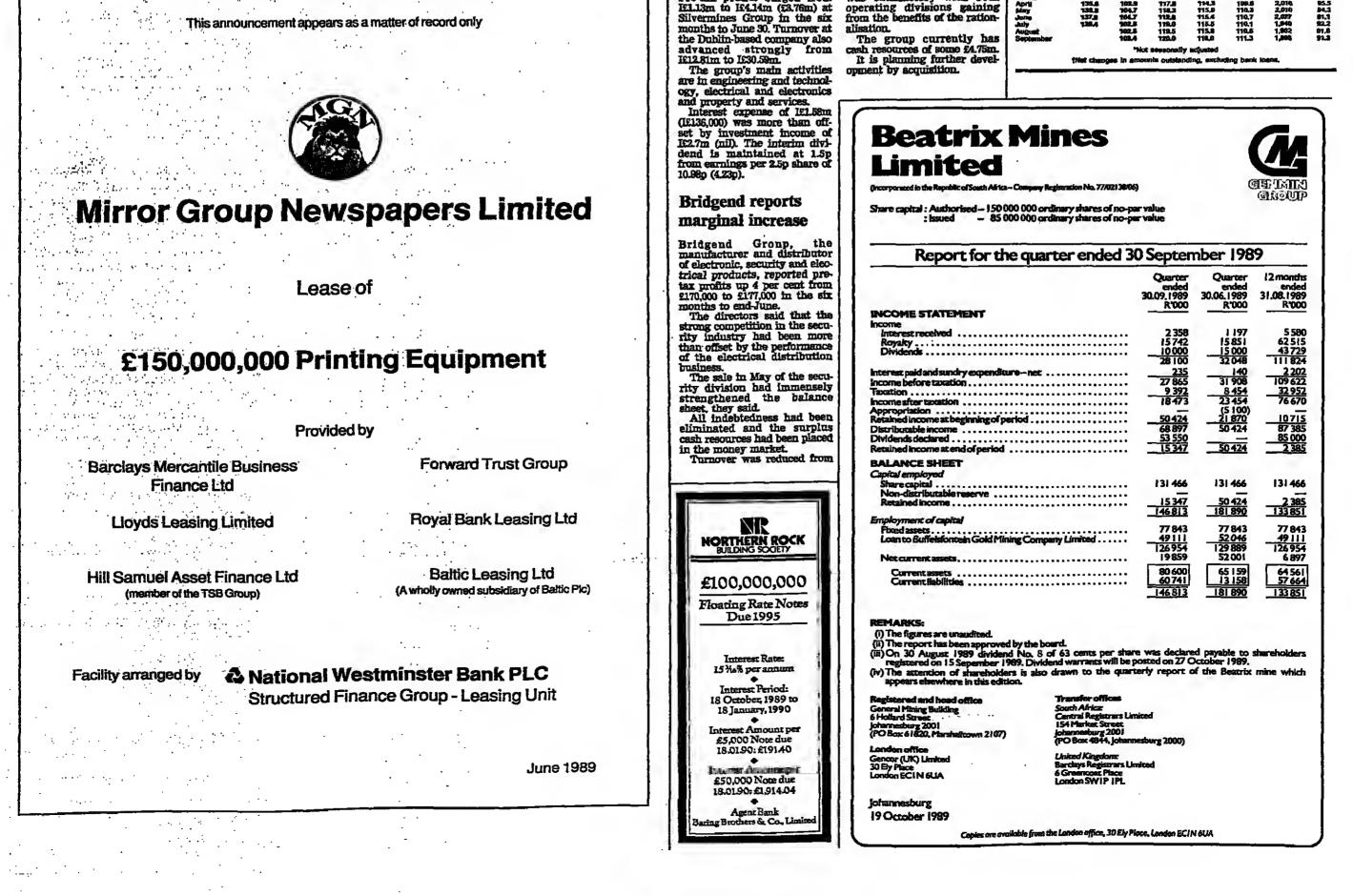
£10.12m.

to higher rates.

ahead to I£4m

through direct mail. Both sides will also by to persuade advertisers of the importance of the over-50's as a market with relatively high disposable income. House of Le

By Andrew Hill



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LUCAS GREEN. UNIQUE SYSTEMS AT THE HEART OF THE WORLD'S GREAT AIRCRAFT. SUCH AS THE ELECTRONIC FUEL CONTROLS ON THE ROLLS ROYCE

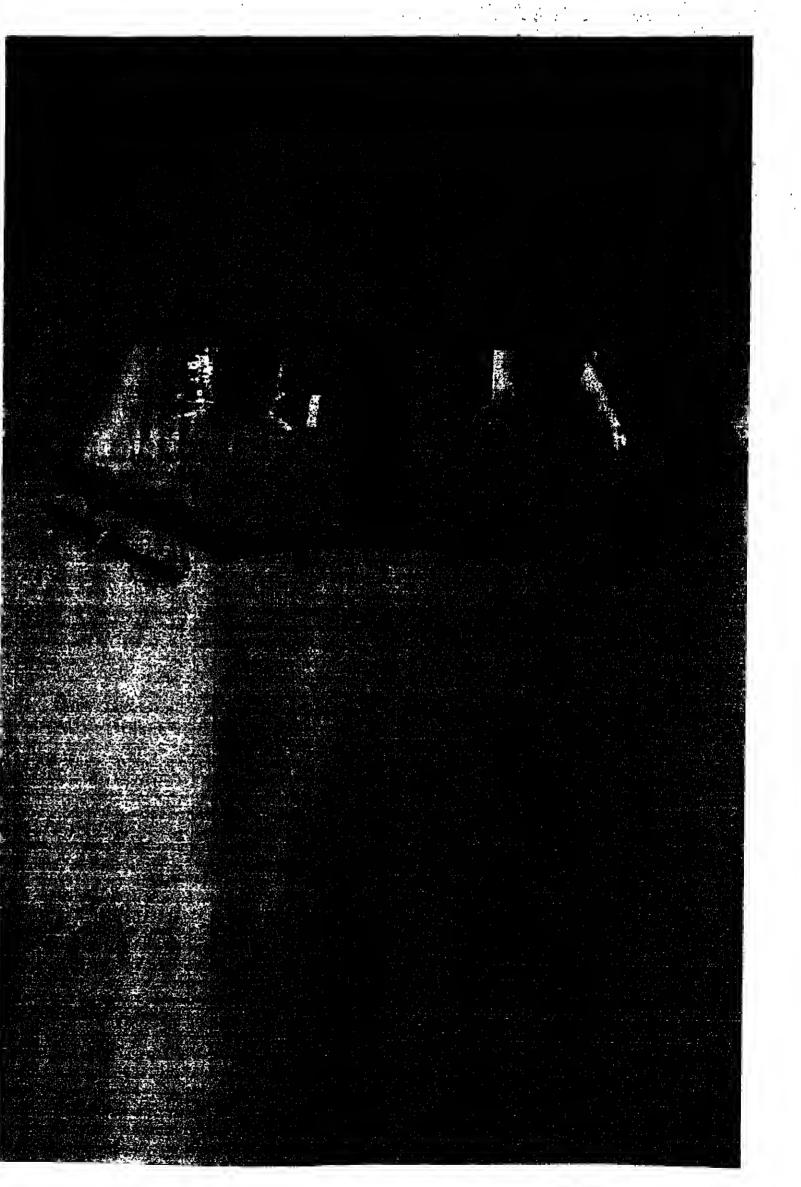
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ENGINES OF THE LATEST BOEING 747.





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STANDS AS A SYMBOL OF TECHNOLOGICAL

EXCELLENCE NOT JUST IN AEROSPACE

BUT IN AUTOMOTIVE AND INDUSTRIAL

SYSTEMS - WORLDWIDE.

EXCELLENCE REFLECTED IN THE

FINANCIAL PERFORMANCE OF THE LUCAS

GROUP AS A WHOLE AND ILLUSTRATED BY

OUR STRONG GROWTH IN EARNINGS PER

SHARE OVER THE LAST FIVE YEARS.

WHICH MAKES LUCAS GREEN THE

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COLOUR OF PROFITABILITY - AS WELL AS

EXCELLENCE.

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UK COMPANY NEWS

Farnell contained by start-up costs Cradley up but pressure

By Clare Pearson

FARNELL ELECTRONICS, the manufacturer and distributor of electric and electronic equip-ment, yesterday announced a 9 per cent rise in pre-tar profits from £11.93m to £12.98m for the six months to end-July.

Turnover was up 39 per cent to £84.91m. Within this increase, £15m came from contributions from acquisitions, leaving growth in sales of underlying businesses at 15 per cent.

Operating profits increased by 15 per cent from £10.57m to £12.16m. But excluding losses incurred in UK greenfield joint ventures and in start-up overseas distribution busine they would have risen in line with turnover.

The pre-tax figure was struck after a reduced interest credit of £436,000 (£1.36m), as a result of last year's three acquisitions, and a £380,009 exceptional credit for the sale of DH Group, a joint venture involved in aircraft communications.

On the distribution side, Farnell Electronic Components

Improvement at

Profits of Henry Boot & Sons, the building, civil engineering

concern, rose from £1.25m to

£1.55m pre-tax for the first six

months of 1989 from a turnover

for Boot's construction compa-

full year completions would be

Earnings rose by 2.9p to 18.1p and the interim dividend

is being lifted by 0.5p to

6D.

significantly lower than 1988.

Competition remained flerce

The directors warned that

Henry Boot

£5.5m lower at £71.58m.

maintained its margin on increased turnover. The divi-sion has gained planning per-mission to expand its premises in Leeds; over the next five years the present space will be doubled.

Astronic, the small West Astronic, the small west German business acquired in 1986, moved back into profit. The start-up business in West Germany performed in line with expectations while that in Australia "achieved unbroken

Anstrang "acmeved indicated sales growth since opening for business last November." Mr Henry Elstone, finance director, said that on the man-ufacturing side UK economic conditions were having a domnening effort on the sleep dampening effect on the elec-tronic equipment market, but strengthened trading in exports justified its strategic position in overseas markets. New data transmission lines were being set up to improve the marketing of the division. Advance Power Supplies,

Wallis Hivolt and Wayne Kerr, the three manufacturing companies bought last year, moved into profit. Their combined

By Clay Harris

ment.

engineering company, is sell-ing Ebtec Belts and Sciences, a US manufacturer of precision metal belts and electron

sources, for \$3.8m (£2.4m) cash. The buyer is the Massachu-setts-based company's manage-

ment. The operation being sold is part of Ebtec Corporation, itself a subsidiary of Thermal Scientific, a maker of high tem-



Henry Elstone, group finance director

operating margin was about 10 per cent, Mr Elstone said. Earnings increased slightly to 6.1p (5.9p) and the interim

dividend is 2.1p, a 17 per cent improvement on last time's 1.8p. The current net cash bal-ance is £10m.

TI sells further Thermal

Scientific unit for \$3.8m

£2.7m

£24.5m

mounts • COMMENT

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Farnell has a few points in its favour at the moment. Its core UK distribution business, on margins Ok instribution business, defensive during a recession, is performing well. Unlike Elec-trocomponents, its peer in the British market, Farnell has not By Ivor Duce PRE-TAX profits of Cradley made any unpopular moves Group Holdings, lithographic printer, rose by 15 per cent to £1.87m for the year to June 30 from a turnover £3.6m ahead into the retail market. And its shares have performed particu-larly weakly of late. On the other hand, memories of Farat £17.16m. nell's ill-starred decision to invest £10m in equities in August 1987 live on: there are continuing concerns about its approach to diversifications to

The profits, however, were struck after taking in excep-tional credits of £635,262 (£101,048) relating to a profit on sale of investment and on printing machinery. use up the cash generated by the core business. Certainly, the two UK start-up ventures with which it is currently involved - Terrafix, which has developed a vehicle locations

Before tax and exceptional items margins decreased from 11.25 per cent to 7.2 per cent.

The pressure on margins reflected not only intense comsystem, and FFB, with an information retrieval system -burned a sizeable hole in its petition in the industry but also costs arising from the installation of a new G16 press pocket during the first half. In the full-year, pre-tax profits may be above £30m, putting and other presses during the the shares on a prospective p/e of about 9. They should proba-bly be a little higher. year.

Competition was expected to remain intense but Cradley felt it was in a good position to meet the pressure, having kept abreast of new developments and techniques in the industry.

Karnings advanced to 3.7p (3.2p) after tax of £669,000 (£573,242).

A dividend of 1p (0.9p) per 10p share is being paid.

Lilleshall expansion

Lilleshall's rubber and thermoplastic extruding sub-sidiary DJ Profiles, has acquired a factory and office unit in Telford for £732,500.

COURTAULDS has acquired 75

per cent of Fabbri Artes Grafi-

cas, Spain-based supplier of

packaging products to the fresh produce market, for an

undisclosed sum. Fabbri has a

turnover of about £5.75m.

immediately. The fastest growing division is freight services, which com-prises the Currie Line business and the Silver Roadways haul-

age business acquired in July from Tate and Lyle. The company said the Silver Roadways acquisition was the that a number of other acquisi-



Viscount Runciman, chairman, described results for the six months as excellent and said there was more to come.

Runciman advances 47% to £2.65m By John Ridding

WALTER RUNCIMAN, the shipping, security and insurtions were under consideration. Part of the incentive is ance group, continued its the potential for increased steady earnings growth in the six months to the June 30 with trans-European haulage as a result of the 1992 reforms. pre-tax profits rising 47 per cent from £1.81m to £2.65m. Viscount Bunciman, chair-Tann International, Runciman's physical security busi-ness, benefited from buoyant

man. described the results as order books. There was an "excellent" and said "there is more to come." He said that the second half has started exceptional charge of £202,000 relating to redundancy and reorganisation costs, but no strongly and that he was confi-dent of a "highly satisfactory out-turn for the full year." further charges are expected in the second half. Turnover increased from

out-turn for the full year." The company does not give a divisional breakdown at the half way stage but the main profit centre remains the gronp's liquid fuel shipping operation which forms part of the Unigas consortium. £15.72m to £18.93m and earnings per share rose from 13.3p to 19.2p. The interim dividend is increased from 4.5p to 6p. Viscount Runciman said that he had not been in contact

Viscount Runciman said the gas carrier fleet traded "very satisfactorily" and that the sec-ond half would be boosted by the arrival the Teviot, its new

ethylene carrier. The new ship will be the largest in the consortium and will increase Runciman's liquid fuel transport potential by about one third. Despite financing costs, the Teviot, which was delivered in June, will start contributing profits

first step in its objective of expanding freight services and

Norex back into the black with £2.37m

29

NOREX, the shipping and insurance group formerly known as Common Bretters the year ended June 3... Furthermore, the sale 4.

this year of the cruite he business generated a price \$4.7m which was taken in the line as an extraordar ...

Mr Kristian Siem, California said substantial progress been made in developing a. group activities. He proved interests had benefited in the improved market cer. and had returned provide £2.8m at the provided by

The insurance : ever, ran up a less the steps have been target revenue and expendent. line. Mr Sierr said the rigid control of cost ... insurance activities s become profitable even [insurance] market cont . continue."

The group's long ler... egy was for the finances vices activities to be corr through London-based tion concentrated :: Norex America, nov cent-owned subsidiar A joint venture, F:

mon, has been formhandy size bulk tonnage vessels are already on ... and operating profitably.

For the past year ea: , amounted to 1.41p (0.11p) at the board said it was expecting a resumption of dividends in the current year - the last pay ment was in 1983.

TARGET TRUST MANAGERS LIMITED hereby announce that

Following the adoption of the scheme of smalgaration of Target Commodity Fund with Target Gold Fond (now known as Target Gold and General Fund) the former holders of Target Commodity Fund will receive the following allocation of units in Target Gold and General Fund for each unit held at 13th One has the following October 1989

Target Commodity Fund Income Units - 2.0264440959 Income Units. Target Commodity Fand Income Units (with reinvestment facility) -

1.0937700056 Accumplation units.

with Telfos Holdings, the diver-

sified engineering company which bid for Runciman last

year and which has been free

from August to do so again. Telfos retains a 29.4 per cent

stake in Runciman.

Allocation will be made to the nearest theoremitin of a unit. Certificates in respect of the new holdings in Target Gold and General Fond will be despatched in due counts

PUBLIC WORKS LOAN BOARD RATES SENIOR ENGINEERING Iffective October 18 Group announced that it had sold its subsidiaries Senior Pro-Gaute Leans suppli Manager 14 annual annual all . by CPT ÷ • ATT cess Heating (including its Wild Barfield and Barlow Whitby met A(† 1312
 Over 1 up to 2
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 Over 2 up to 3
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 Over 3 up to 4
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 Over 4 up to 5
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 13+2 121₈ 115₈ 115₈ 111₈ 111₈ 111₈ 111₈ 11 13¹8 12³5 11⁵8 11³8 141₈ 131₂ ney divisions) and Wild Bar-field SA to Teampace Holdings 13 12 4 for £2.4m cash. 12 11¹/₂ 11¹/₂ 11¹/₂ 11¹/₄ 11¹/₈ 11¹/₈ 10¹/₉ DALGETY is buying Hoper-man Group, a private German petfoods business for DM6bn Over 5 up to 8 113 11 1034 1052 1034 978 934 1134 1155 1112 1078 1012 Over 8 up to 9 Over 9 up to 10 (£23.8m) cash. Further profit-**** related payments up to £2.4m Over 10 up to 15 ----may be due, Turnover is about £34m and the assets are valued Over 25 at £16.1m).

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to end-July were virtually static at £1.1m pre-tax com-TI GROUP, the specialist perature vacuum furnaces which TI bought for £72.5m in September 1988. Ebtec Belts pared with £1.16m. The directors pointed ont that a 33 per cent improvement in turnover to £9m reflected has annual sales of about The latest deal brings to £21.9m the proceeds of TI's disposals of Thermal's periphmarked progress in both the US and mainland Europe. Plans implemented in the past financial year would eral operations. With more accelerate growth in all arees, they said. With this in mind they are increasing the year's dividend from 3.375p to 3.7p. assets, mainly property, still to be sold, TI believes it is on track to meet its target of

COMPANY NEWS IN BRIEF

DERBY TRUST: Net asset value per capital share at end-September amounted to 415p (equivalent to assets of 553.49m). Comparative figures at June 30 were 385p and £49.52m. Total value of the trust's portfolio at September 30 was 258.24m. LONDON AND Cambridge Investments has completed property transactions in Leeds totalling £12m, including the acquisition of a 3.5 acre site at Wortley for the development of 15 office buildings.

Synapse static

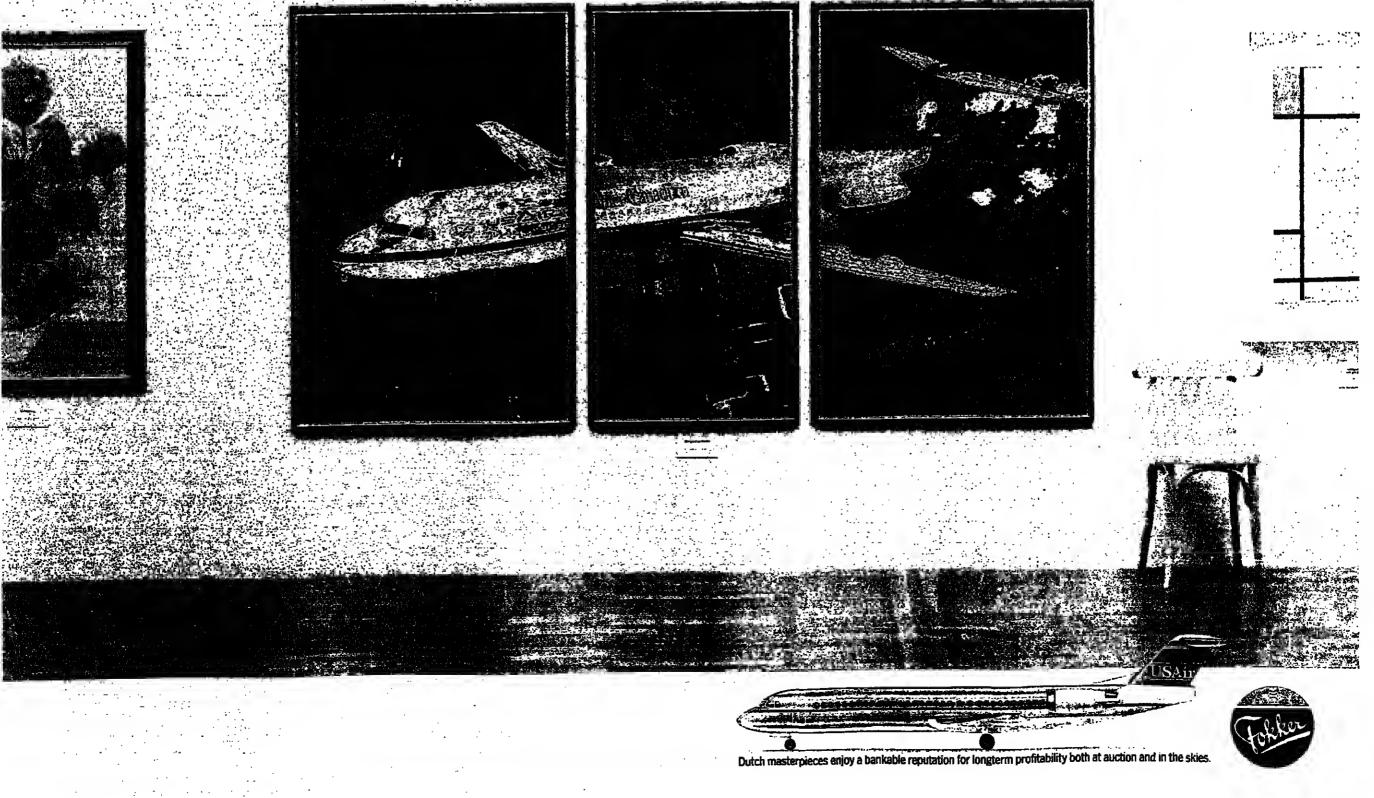
Profits of USM-quoted Synapse

Computer Services for the year

with £1.1m



A contemporary Dutch masterpiece



COMMODITIES AND AGRICULTURE

Australian wool stocks hit 1m-bale mark

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By Chris Sherwell, In Sydney

HEAVY intervention buying under its floor price scheme has driven the Australian Wool Corporation's stocks to the Im-bale mark in less than 15 weeks' trading of the current season.

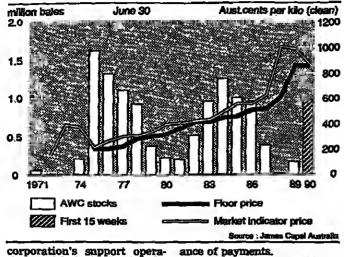
The figures, confirmed yesterday by Mr Hugh Beggs, the corporation's chairman, were not a cause for panic, he insisted. "For 10 of the 20 years of the operation of the Reserve Price Scheme we have had more than 1m bales in stock."

However, the situation was more difficult this year because of a dramatic increase in domestic production and a lower trade demand for wool the result of higher wool prices

over the past two years. He repeated an earlier call for a lower Australian dollar to help wool compete with other fibres, but he ruled out any lowering of the corporation's floor price of 870 Australian cents per kilogram (clean). The corporation has never

lowered its floor price, and is reluctant to set a precedent. The current price, set at the 1988-89 season's level - in spite of forecasts of e weaker market - has seen the corporation buying 45-55 per cent of weekly market offerings. According to Mr Beggs, the

By Jim Bodgener, in Ankara



Australian Wool Corporation Stocks

corporation's support opera-tion, which is funded by the woolgrowers themselves, has ance of payments. In 1988-89, wool was the country's largest commodity enough cash reserves to buy 1.8m bales of wool, plus a sub-stantial capacity to borrow to support the market further. Commodity analysts point out, however, that with growexport earner, at A\$6bn. How ever, the government's Burean of Agricultural and Resource Economics recently revised its wool export forecasts for 1989-90 down to A\$4.9bn - a ers receiving a price above market, they have an incentive

figure still widely regarded as onservative. One difficulty this season to continue producing. At the same time their output is going into storage rather than export markets, thus hurting the balhas been the near absence of two main buyers: China, due to foreign exchange constraints.

THE WORLD record price for a Poll (hornless) Merino ram was smashed yesterday when a product of South Australia's well-known Collinsville Stud attracted a bid of A\$280,000. At the annual sales in Dubbo, New South Wales, a Tasmanian stud owner's offer for a Poll Merino, named Glenroy \$47, easily directly'

eclipsed the previous record of A\$180,000, set last year by

another Collinsville ram. The new price was effectively double the old record becaus

The new price was effectively double the old record because, under revised sale conditions. Collinsville is retaining a 25 per cent interest. That makes the offer equivalent to A\$373,000. Collinsville's achievement follows its success last month at the Adelaide sales, where one of its Merino rams attracted a world record A\$450,000 and another a price of A\$\$360,000. The previ-ous record for a Merino was A\$330,000.

The Poll Merino is the result of careful crossing of the pure Merino – which comprises around two-thirds of Australian sheep – with another breed and then crossing back to the Marino. Although it displays the same visual characteristics, it does not have horns.

Yesterday's buyer, Mr Gerard McShane, said his purchase was part of a five-year plan to develop his own stud and the Poll Merino industry. Collinsville sold five Poll Merinos altogether for a total of A\$828,000.

and Japan. However, because China needs to generate export earnings from wool garments and Japan's inventories are

falling, auction clearances are expected to improve. The corporation is normally a net buyer of wool in the first half of the season and a net seller in the second half, according to Mr Beggs. The Australian Council of Wool Exporters is less sanguine, however, seeing flat external demand and no sign of a break,

Because of the corporation's buying, the first 15 weeks' sales of the current season have seen the benchmark marhave seen the benchmark mar-ket indicator price moving nar-rowly between 879 and 889 Australian cents. To help meet the difficulties in the market, Mr Beggs said yesterday that the corporation had arranged a "maket prior between the former of the former of the second secon

"substantial increase in funds" to the International Wool Secretariat - the worldwide mar-keting arm of the Australian wool industry.

Dubal expansion set for early completion in 1991

By Kenneth Gooding, Mining Correspondent

DUBAI Aluminium Company's \$200m expansion programme to add more than one third to its production capacity is on course to be finished ahead of schedule in the first quarter of 1991, says Mr Ian Livingstone, deputy chairman and chief executive.

Last year Dubal produced a record 163,445 tonnes of aluminium products, 5.6 per cent up on 1987. This year's output will be about 168,000 tonnes. The expansion programme, including the installation of a new primary aluminium potline, will add about 65,000 tonnes to annual capacity, Mr

Livingstone says. He insists that the expansion plan did not spring from a belief that recent high aluminium prices would continue. "Far from it. The price will be very unattractive at times in the fature and the project was designed to cut the cost per tonne of metal.

"We will be adding 40 per production (ltv gra but we believe we will double the cash generating capacity of The project includes the recently-completed installation of a steam cycle electricity generating plant, which enables the Dubal to increase substan-tially its power output for use by the aluminium smelter

WORLD COMMODITIES PRICES

company to maintain its water production for Dubai - an average of 23.45m gallons a day

Average of 23.45m gallons a cay last year. Mr Livingstone says that all funds for the project were gen-erated internally. Dubal came into operation in 1979. It is owned by the Al Maktoum family, the clan of sheikhs which controls Dubai. The population of Dubai is just 420,000, but it is the second-largest of the seven states making up the United Arab Emir-

The company has benefited from the virtual elimination of the Japanese aluminium smelters in the 1980s, and last year Japan was its best customer, taking 64.3 per cent of the 161,265 tonnes of aluminium

sold by DubaL The US was the second larg-est customer, taking 11.5 per cent, followed by Taiwan, taking 7.3 per cent.

Mr Livingstone says Dubal has virtually eliminated com-

Ivory Coast |EC harvest triggers growers 'to 3% cereal price cut sell beans

By Tim Dickson and Bridget Bloom in Brussels

CEREAL PRODUCERS in the ers earlier in the season will European Community face an automatic 3 per cent cut in farm gate prices next year, fol-lowing publication in Brussels yesterday of the Commission's formal crop estimate for

are to be given even greater freedom to sell their beans 1989-90. The figure has been fixed at 160.5m tonnes – a fraction more than the 160m tonne "maximum guaranteed quantity," which provides the basis for penalties under the "stabi-

liser" for this sector. Under the stabiliser arrangements - agreed at the Febru-ary 1988 Summit as part of an effort to curb Community spending on agriculture - any cereals production above 160m tonnes results in an automatic 3 per cent reduction in prices in the subsequent marketing

The overall impact on farmers, however, will depend on the outcome of the annual Spring price negotiations, when farm prices generally are adjusted.

According to the rules of the cereals regime, yesterday's fig-ure should also have led to a 0.3 per cent additional co-responsibility levy (on top of the long standing basic 3 per cent tax). However, in view of the narrow margin by which the threshold was exceeded, the EC's farm commissioner, Mr Raymond MacSharry, has

therefore be returned in full. A spokesman for Mr Mac-Sharry, who was subjected to some tough lobbying by farm groups before yesterday's deci-sion, admitted that crop expectations as a result of the weather up to July had been less than 160m tonnes.

Some sources, however, were some sources, nowever, were now suggesting a level as high as 162m tonnes, and the com-missioner had decided to pro-ceed at this stage "given the circumstances under which cereals producers find themselves this year, and knowing that the estimates of total out-put have not changed in the last six weeks."

The Commission, mean-while, also gave its blessing yesterday to a series of propos-als aimed at softening the effect of EC market measures

on mainly smaller producers. These will involve new ini-tiatives in the main arable crop sector, for "minor ceresis" such as buckwheat, canary seed and millet, for small scale cotton producers and small milk formers.

As part of the same package - for which Brussels wants to set aside Ecu200m - the Commission approved plans for a new network of agricultural information offices and gave its outline agreement to measures to promote quality in agricultural products and food-stuffs.

Dairy costs highest

By Bridget Bloom, Agriculture Correspondent

THE LARGEST single slice of **EC Farm Spending**

the European Community's farm budget still goes on the dairy sector, in spite of the introduction in 1984 of quotas ECU bn designed to cut milk production and so overall spending. According to figures for last year, recently published in Brussels, the EC spent Ecn 25 20 6.3bn on the dairy sector, mar-ginally down on 1987, out of a total farm budget of Ecu 27.5bn. Some Ecu 5.6bn was 15 spent on cereals and rice, with third and fourth places taken by oilseeds (Ecn 3bn plus 945m 10 RESIDE CHARLE REPORT REPORT AND A DESCRIPTION 1983 85 for olive oil) and beef and yeal (Ecu 2.7bn) However, total spending was 3.8 per cent below the limit set. "iOmba ""i1.5mba

Last year, export subsidies amounted to Ecu 9.9bn against for it by the summit of EC leaders in February last year, which also agreed the so-called market support of Ecu 17bn. Out of this latter total, storing surplus commodities cost budget stabilisers for each nearly Ecu 6bn.

export subsidies of

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Source : EC

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Contraction of the

TURKISH agriculture is wheat to be self-sufficient, counting the cost of the driest summer in about 50 years. Forwhich means a short-fall of about 3m tonnes. Purchases by TMO are likely to be larger than this amount - sources say the organisation eign experts estimate that the total bill in lost exports and domestic production could

for 50 years could total \$2bn

oversold itself in recent years as part of a policy of not keeptotal \$2bn, while the effect on gross national product will be equally severe. The state-owned Soil Proding high stocks. However, in the opinion of diplomatic sources in Ankara, ucts Office (TMO) is expected overimporting at the present rate is a wise move, both to safeguard against another bad year in 1990, and to provide TMO with a reserve which will to import about 5m tonnes of grain costing up to \$750 mil-lion, and \$1bn when lost export

revenues are taken into account. During the past 18 months, Turkey has exported around 2.2m tonnes of grain. However, much of this was damaged by pests, and sold at large discounts at about \$88 a tonne as

feed wheat. Internally, the drought has meant lower production in most crops, except hazelnuts and tobacco, and lower forage tonnages have fed through into particularly meat and milk. Areas worst hit by the drought were the south-east and central Anatolia, although Thrace was fairly unscathed. Domestic wheat production, according to the experts, has fallen back to about 11.5m tonnes from last year's admit-tedly bumper 15m tonnes.

Taploca and sorghum, nuusually, are included amongst the projected imports; about 700,000 tonnes of maize will also be bought.

tonnes

The shortages have fuelled ion in the prices of and other foods - in spite of being bolstered by subsidies leading to unseasonally high inflation over the summer months when traditionally indexes fall as the harvest is gathered in. The high prices are expected to continue into the winter, exacerbating electoral wastage because of inflation for the ruling Motherland Party (ANAP).

COCOA - London POX

Close Previous High/Low

dampen prices countrywide.

It is also sensibly importing

Adding to the drought diffi-culty this year for the grain has been rain during the har-vest month of July, which damaged standing crops. Standing out against the

gloom is excellent hazelant production of about 450,000 -460,000 tonnes in the Black Sea regions which escaped the

drought At the same time, tobacco has benefited to some extent from the dry conditions. However, even irrigated cultivation suffered in southern coastal regions, as water use was restricted by falling reservoir levels - the cotton crop is down by around 10 per cent, at a staggered rate every month - last week, tenders were out in the US for 150,000 although exports anyway have been offset to some extent by the freeing of import daties

last year. Citrus fruits, especially lem-ons, have also suffered badly; lemon trees were also damaged by widespread frost last win-

£/tonne

Cost of Turkey's driest summer

direct to exporters, in a new move which throws into further doubt the future of the Caisse de Stabilisation, or state marketing board. Growers on cocoa co-operatives in the coastal area of Dabou, west of the capital, Abidjan, were told yesterday they could sell direct to exporters and would be given con-tracts of sale.

By Mark Huband,

IVORY COAST cocoa growers

n Abidjan

Individual growers outside the co-operative organisation; the GVC, will also be able to sell direct if they can produce loads of at least 250 tonnes.

loads of at least 250 tonnes. Farmers were also told pre-miums would be paid if quality was improved. If damaged beans constitute less than 5 per cent of each kilo sold, a premium of CFA Fr18 per kilo will be paid. A CFA Fr9 pre-mium will be paid if the pro-portion of damaged beans is between 5 and 10 per cent per between 5 and 10 per cent per

Both moves come in response to the recent 50 per cent cut in the price paid to producers for cocoa - from 400 CFA francs to CFA Fr200 (63 UScents) per kilo. It is hoped that further direct sales will increase rural incomes, at a decided to walve this payment. Any advances made by farm-

time when rural depopulation is beginning to reach critical proportions and plantations are falling into decay in several areas of the country. The decision to allow direct sales by farmers to exporters

also throws the future of the Caisse into further doubt. As part of an economic stabilization programme, the role of the government is likely to be reduced in order to ensure that prices are set in accordance with world market demands. In the past 12 months 900,000 tonnes of produce were moved outside the jurisdiction of the

Calsse. In a Cabinet reshuffle, on Monday, responsibility for cocoa was brought under the

closer direction of the office of the President, Felix Hon-phouet-Boigny. following the sacking of the long-time Agriculture Minister, Denis Bra Kanon.

Japan buys more Canadian grains

It is estimated that Turkey requires a total 14m tonnes of Not only was it a very dry spring and summer, but precipitation was disappointing last the busine autumn and winter. The result ing hard ground frosts also

slowed down germination. So far, autumnal rainfall appears to be normal this year, but it is too early to tell - if the rains fail again, Turkish agriculture could be in very without using any extra fuel. The system also enables the serious straits next year.

99.7 per cent purity - from its output in favour of value-added products such as hillet, foundry alloy and high-purity ingot. Value-added products accounted for 97.5 per cent of total sales last year. Dubal was seriously consid-

ering processing some metal in Dubai, but was advised by consultants that the uncertainties were great.

JAPAN EDGED out China and the Soviet Union as Canada's

largest buyer of grains for 1988, writes Robert Gibbens in Montreal

largely due to the US drought, which drove up world prices for cereals, thus reducing the Japanese demand for rape amount the EC had to spend to bridge the gap between its own higher prices and the lower world price. seed oil soared, while exports to the Soviet Union and China were restricted by the poor wheat crop.

COPPER 25,000 Rbs; cents/lbs

which came into operation last The overall amount spent on

produce, amounting to a little more than Ecu 3bn, accounted for 30 per cent of export export subsidies (known as export refunds) was also down, refunds, compared with just a quarter in 1987. Cereals also accounted for 30 per cent, down four per cent on 1987.

Although export refunds were higher in absolute terms last year, they accounted for 36 per cent of total farm spending against 40 per cent in 1987.

Chicago

LONDON MARKETS

TIN prices fell below \$8,000 a tonne on tha LME yesterday to contract lows. The decline began early, with stop-loss orders triggered when three-month metal fell below \$8,150 e tonne on heavy influential merchant selling. The market is now trading at levels las seen on the European free market in nid-February and a retreat to \$7,500 a tonne - the price ruling at the start of the year - is axpected over the short term. Traders said there was still moderately active consumer but in tin, elthough the bulk of this red to be largely by-passing the appeared to be largery of LME as many operators still seemed reluctant to change the trading habits of the previous 312 years. Copper prices closed et the day's lows Traders said further short-term losse could be seen before the market resumes its recent uptrend.

SPOT MARKETS		
Crude oil (per burrel FOB)		+ or -
Dubel Brent Blend W.T.I. (1 pm est)	516.15-8.25 519.45-9.60 \$20.55-0.60	125
Oll products (NWE prompt delivery per t	orme CIF)	+ or -
Premium Gasoline Gas Oil Heavy Fuel Oil Naphiha Petroleum Argus Estimates	\$205-206 \$192-193 \$104-100 0152-155	-4 +0
Other		+ or -
Gold (per troy oz) Silver (per troy oz) Platinum (per troy oz)	\$368.25 512c \$487.90	+0.75
Palladium (per troy oz)	5137.25	+ 1.25
Aluminium (free markel) Copper (US Producer) Lead (US Producer) Nickel (free markel)	\$1915 1385g-141c 40.5c 490c	+40
Tin (Kuala Lumpur market) Tin (New York) Zinc (US Prime Western)	21.60r 367.5c 80 ³ 4 c	-0.11 -6.0
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	112.08p 154,85p 102,71p	-0.92* -7.63* - <u>2.32</u> *
London daily suger (naw) London daily suger (white) Tate and Lyle export price		+2.2
Barloy (English feed) Maize (US No. 3 yellow) Wheat (US Dark Northern)	£110 £124.50 £123.75	
Rubber (spat)♥ Rubber (Nov)♥ Rubber (Dec)♥ Rubber (KL RSS No 1 Nov)	56.50p 58.75p 58.50p 219.5m	-0.50 -0.50 -0.50
Coconut oli (Philippines)) Pelm Oli (Malaysian) Copra (Philippines) Soyabeans (US)	\$485.0y \$325q \$310q £162	+75
Cotton "A" Index Wooltops (64s Super)	81.5c 605p	-1,0

2 a lonne utiless otherwise stat ed p-penc e-cents/lb. r-ringgit/kg. y-Oct/Nev. x-Oct/Dec. I-Jan/Mar. v-Nov/Dec. w-Dec. q-Nov. z-Jan FebtMest Commission average fatstock prices. change from a wack ago. TLondon physical market, SCIF Rotterdem, 🔶 Bullion market

Dec	740	742	748 739	Alum
Mar May	722	719 729	725 717 736 729	Cash
Jul	746	744	749 743	3 mo
Sep	763 788	780 786	767 762 769 784	Copp
Mar	809	810	511	3 mo
Turney	er: 4048 (2	742) 1018	of 10 tonnes	
price 1	or Oct 17 8	1695 (50)	As per tonne). Dai 1.93) :10 day sverag	Cash
for Uc	18 842,17	(842.69)		3 mo
COFF	EE - Lond	Ion FOX	£/tont	• Nicks
	Close	Previous		Cash
Nov	705 676	710	712 708	ង ភាព
Mar	688 705	678 688 697	663 675 661 686 704 700	Tin (i
May	705	697 716	704 700 720 715	Cash 3 mo
Sep	740	740	740 735	Zinc,
Nov	759	760	758 755	- Cash
ICO in	dicator ori	ces IUS c	of 8 tonnes ents per pound) ic	
Oct 17	Comp. de	uly 60.53	ents per pound) k (60.39). 15 day ave	- Zinc
SUGA	.50 (63.02)	-		Cash
Rew	Glose		(\$ per tonne	-
Duc	321.80	Provious 318.20	316.00	- SPOT
Mar	317.00	314.00	316.80 513.00	
Aug	371.80 306.00	303.40	312.00 308.20 305.00 302.20	POTA
Oct	295.00	293.40	295.80 293.00	_
Dec	292.00	295.00	288.00	Nov
White Dec	Close	Previous	High/Low	Feb Apr
Mar	387.50 389.00	388.50 387.50	387.50 389.00 386.00	May
May	389.00	387.00	389.00 366.00	Turne
Oct	400.00	398.00 374.00	401.00 390.00 378.00 378.00 376.00	
Duc Mar	370.00 370.20	365.00	369.50	SOY/
Turney			No. 1 50	_
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Parla- 3460, h GRUDD Dec Jan IPE Ind GAS O Dec Jan IPE Ind GAS O Dec Jan I I I I I I I I I I I I I I I I I I I	White (FF) fay 2480, / COL - EP Close 18.97 18.56 18.37 18.35 ex 18.96 ex 18.96 ex 18.96 182.75 182.75 182.75 182.75 182.75 182.75 173.05 175.00 170.50 176.00 170.50 164.00 164.	Wg 2580, im Provio 18.96 18.573 Previous 18.06 573) Previous 182,25 178,75 176,75 176,75 176,75 182,00 185,00 185,00 185,00 185,00 185,00 185,00 185,00 185,00 199,00 <	Cct 2420, Dec 2350 S/barre us ffigh/Low 19.20 18.95 18.76 18.55 18.46 18.28 18.35 S/toray High/Low 187.25 184.50 184.00 180.75 178.75 177.75 184.00 180.75 178.50 185.50 178.50 185.50 185.00	Apr Turno Oet Nov Jan Jul Obt Jan Det Nov Jan BBFI Nov Jan Mary Jan Mary Jan Mary Jan Mary Jan
Parls- GRUDD Dec Jan Dec Jan Turnov Dec International Dec Jan Turnov Dec International Dec Jan Turnov Dec Internationali	White (FF) (ay 2480, / Close 18.97 18.59 18.59 18.59 18.59 18.59 18.59 18.59 18.59 18.59 18.59 18.55 18.55 18.25 182.75 179.25 167.00 179.25 167.00 170.00 170.	wg 2580, i III Provio 18.98 18.96 18.97 18.98 18.98 18.98 18.98 18.98 18.97 18.39 18.39 18.39 18.30 18.30 18.00 18.	Cct 2420, Dec 2350, S/barre us High/Low 19.20 18.95 18.76 18.55 18.46 18.28 18.35 S/borne High/Low High/Low 187.25 184.50 184.00 180.75 184.00 180.75 184.00 185.50 185.00 165.50 185.00 165.50 180.00 189.00 W 100 zonnes e now more y last weekend. y disturbing rests. Wool is remed by AWC till rising. But ce changes	Apr Turno Oct Nov Jan Oct SFI Turno BFI Turno Nov Jan Mar Jurno Turno Turno Turno
Parla- 3460, h GRUDD Dec Jan IPE Ind Turnow Oes Jen IPE Ind GAS O Nov Dec Jen IPE Ind Mar Dec Jen IPE Ind Mar May Jun Vice Suppo Composition Suppo Sup	White (FF) (ay 2480, / Citoze 18.97 18.96 18.35 18.25 182.75 170.50 147.	Wg 2580, i Image: Second Se	Qct 2420, Dec 2350 S/barra us ffigh/Low 19.20 18.95 18.76 18.55 18.46 18.28 18.35 S/10rsh High/Low 187.25 184.50 184.00 180.75 177.75 178.76 174.00 172.50 170.00 187.50 185.50 165.00 165.50 165.00 165.50 165.00 185.00 180.00 189.00 W 100 zonnes s now more y last weekend. y disturbing rkets, Wool is worned by AWC till rising. But ce changes atility has not Jintes of the past prices were n0 against	Apr Turno Oct Nov Jan Oct SFI Turno BFI Turno Nov Jan Mar Jurno Turno Turno Turno

low-priced and hand-to-mouth. Prices are static with 64s super at around 600p a kg, and 58a average at 398.

LOND		L EXCH			(Prices suppl		_	_	_
	Clos	_	Previous	High/Low	AM Offic	_	_	_	Intere
Gash	1880		5 per tonne) 1840-50	1915/1910	1916-20	Ring	g turno	wer 18,	450 tor
3 mont			1775-80	1820/1780	1515-8	1804-5		34,36	T lots
Copper	, Grade /	(E per to	nne)			Ain	a turno	wer 48,	050 100
Cash 3 mont	1615 hs 1795		1835-8 1617-8	1828/1827 1810/1794	1827-8	1801-2	-	70.65	4 lots
	per tonn	_	10.7-0		1007-0		_	Wer 11,	
Cash	487-	9	489-9.5	490/488	488-9				
3 mont	_	_	474-5	473/468	473-3.5	#1-2		_	1 lots
	(\$ per ton		10400-25	40.000.000) turno	Ner 11,	198 ton
Cash 3 mont		5-425 5-50	10100-25	10400/103			25	6,201	lote
Tin (S p	er tonne)					File	19 turn	over 2	740 ton
Cash 3 mont		-8000	8180-200 8200-20	8050 8160/7990	8040-50	-		5.661	late
Zinc, S	_	_	S per tonne)	6100//330	8000-50	7950-8		mer 23,	-
Cash	1661		1665-75	1665/1660	1660-2		1.0000	101 201	12.0 000
3 mont	_	_	1655-60	1000/1055	1650-6	1655-6	_	13.27	
<u> </u>	per tonin	<u> </u>				Alc	ng turn	OVER S,	700 10/1
Cash 3 monti	1605 hs 1590		1615-20 1600-3		1590-5 1585-95	1590-6	00	5.362	lots
LNE C	loaing 2/1								
SPOT:	1.5870		3 months: 1.56	21	6 months:	1,5399		0 mont	hai: 1.82
POTAT	OES - I	are .		£/tonne			RKET		
	Close	Previou	a High/Low		Gold (fine ca			2 aguily	alorit
Nov Feb	128.0 161.0	132.0	127.0 126.0		Clase	366-36812	_	2814-2	
Apr	202.7	163.0	203.3 199.0	1	Opening	367 4 - 368 4		232 4-2	24
May	231.0	230.0			Morning fix Alternoon fil	368.10	1	231.615	
Tumov	er 285 (3	20) lots of	40 tonnies.		Day's high	368-4-309-	4		
SOYA		AL - BF		C/tonne	Day's low	36712-368			
	Close	Previou			Colas	\$ price		E equiv	lent
Feb	144.50	143.00			Maplelast	377-382		237-240	
Apr	142.20	141.60	142.00		US Eagle	377-382 377-382		237-240	
Turnova	er 25 (25)	lots of 20	ionnes.		Angel	376-361		237-240	
100	T DITT	RES - B	E Flore		Krugerrand New Sov.	367-370 86 ¹ 2-87 ¹ 2		231-233 84 1 2-56	4
	Close	Previou		ex point	Old Soy. Noble Plat	8612-8712 493.75-501.1		5412-65	14.85
Oct	1558	1544	1560 1550						
Nov	1623	1609	1623 1614		Silver fix	p/fine oz	1	US cha	viupe
Jan Apr	1634 1660	1624 1648	1637 1630 1690 1650		Spot	322.20		512.76	
Ju	1412	1410	1415 1412		0 months 6 months	334.45 345.00		524.00 534.25	
Öct BFI	1530 1545	1510	1540 1535		12 menths	368.95		566.10	
илкоче	241 (33						_	_	
_					TRADED OF			_	Puta
	5 - BFE			E/tonne	Aluminhan (S		alis		_
t/heat	Close	Previous	s High/Low		Serike price		Jan	Nov	Jan
Nov Jan	108.15	108.70	108.25 107.		1750 1850	143 70	109 59	9 35	44 98
War	172.35 115.00	113.05 118.60	112.85 /12.3 116.35 115.0		1950	26	28	91	158
kay kun	118.90	119.55	119.00 115.		Copper (Gra	50 A) C	alls	1	-
					2750	153	163	25	106
Seriey	Close	Frevious	High/Low		2650	89	110	60 115	135 210
Nov	106.60	107.00	107.30 106.0	0	2950		79		- 19
lan Var	110.40 113.50	110.75	11 L 10 110.4 114.20 113.4	68	Colfee	jan	Mar	Jan	Mar
May	115.00	115.65	11440 1194	~	650	ទ	81	31	43
urnove	T Wheat	120 (365),	Berley 240 (б .	700 750	35 23	56 38	597 -	86 100
UTIONS	r lots of	100 tonne	8.			20 0eq	Mar	Dec	Mar
105 -	BET		Cash Settlemo	00 0 ⁰ 00	Cocea			32	41
	Close	Previous		int tradit	700 750	71 42	61 39	53	59
			133.5		800	22		83	
	137.5	133 0							
Det	133.5 134.0	133.0 135.0	194.5		Based Sanda	Dec	.jano	Dee	Jan
Det					Brent Crude	Duc 160	Jain 93	Dec 5	Jen 37

US MANKEIS
In the metals, gold silver and platinu were higher for most of the day due the weak U.S. dollar, reports Drexel
Burnham Lambert, Trading volume was lighter than previous days, Fund
selling kept copper prices down. Higher copper stocks also added
pressure. In the softs, sugar gained from trade activity. Commission
houses supported the cocoa market while roaster buying firmed coffee. T
grains featured a firm soy complex of possible Russian tender business.
Whest eased due to scattered profit-taking. Corn trading was dull. It the livestocks, lower pork products
weighed on the belly futures. Cattle advanced from increased packer and
retail demand. Live hogs were slow. Cotton trading was active with heavy
switch trading noted. The energy complex ralled early in the day on
news about damaged refineries and pipelines from the earthquake. Prices
fell from liquidation near the close.
Now York

IIS MADKETS

 New	York

							_
	GOL	D 100 trov	oz.; \$/troy				_
		Close	Previous			- Dec	1
			_	_		- May	
	Oct	368.7	307,4	306.4	388.4	Jui	
	Nov	370.4	371.2	0 373.4	0 371.8	Dec	1
	Dec Feb	376.4	375.2	377.3	376.0	Mar	1
•	Apr	380.5	379.5	381.4	380.0		·
	Jun	364.7	363.5	385.0	\$84.5	COF	яř б
	Aug	388.9	367.8	a	0		_
	Oct	363.1	391.8	ō	ō		
	Dec	397.4	396.1	398.0	365.8	Dec	7
	_					- Mer	;
	PLAT	HOUSE BO S	roy oz; \$/ro			May	7
		Close	Previous	High/Low	,	Jul	- 7
			455.0			- Sop	7
•	Oet	488.5	485.2	467.5	467.5	Dec	8
	Dec	492.5	489.2	0	492.6	Mar	8
	Jan	494.7	491.2	495.5			
	Apr	496.5	496,0	498.0	497.8	SUG/	
	Lul	502.3 505.3	499,0	0	0		
	Oct	_				•	
	SILVE		ey az; centa	_		Jan	1
		Close	Previous	High/Low		Mar May	1
	Oct	010.5	510.2	011.0	511.0	Jul	1
	Nov	012.1	511.0	0	0	Oct	1
	Dad	516.0	015.8	519.3	515.5	Mar	ť
	Jan	010.9	018.7	0	0	-	
	Mar	527.3	528.9	530.0	ō	_	_
	May	534.6	634.2	535.0	534.5	COTT	UN
	Jul	642.1	541.7	0	0		C
	Sep	549.8	549.A	0	Ō		_
	Dec	561.1	\$60.7	564.0	562.0	Dec	7.
	Jan	564.8	564.4	0	0	Mar	-74
	2					May	7
						Jul	7
						Oct	6
						Dec	6
						Mar	6
	HDH	15			—––––––––––	OFAN	GE,
			: Septembe	ar 16 1931	= 100		C
		Oct 17	Oct 15	mnth ago	<u> </u>	Nov	1
	2				21 22 2	6	

1869.9 1856.6 1690.7

DON JONES (Base: Dec. 51 1974 = 100)

130.16 138.72

129.67 129.66

Spot 129.97 Futures 129.72

1872.7

134.75 138.76

_					. –				
	Close	Previou	s High/L	OW ·	BOY	ARCANE	,000 bu min;		
Oct	126.50	1-129.30	128.30	128.30					napel
Nov	126.45		0	0		Close	Provious	High/Low	,
)90C	126.45	128.30	128.10	126.20	Nov	559/6	555/4	560/0	556/2
궤	DE OIL (L	John) 42,000	US galls	\$/barrel	Jan	570/6	566/0	571/0	586/
-	Labort	Previou	e High/L		Mar	581/6	578/4	562/0	578/0
_	_	Presso	e regento	· ·	May	580/4	587/2	590/4	587/4
۲	20.57	20.75	20.01	20.54	Luc Aug	595/4 593/0	592/0 590/4	596/0	692/-
G	20.31	20.45	20.60	20.26	Sep	578/0	573/2	593/4	692/(
b	20.01	20.13	20.25	19.99	Nov	574/0	570/4	576/0	577/
	19.66	19.73	19.55	19.81 19.85					571/0
	10.58	19.57	19.70	10.47	SOY	ABEAN OF	L 80.000 lbs;	Cônta /ih	
y	19.35	19.41	19.50	19.35		Close			
n	19.20	19.25	19.36	18.15			Previous	High/Low	
d i	19.05	19.10	19.05	19.00	Oct	18.60	18.28	18.60	16.40
9	19.05	18.96	19.05	19.05	Dec Jan	18.91 19.14	18.57	18.85	18.70
	_	-	_		Mar	19.52	18.82	19.15	18.92
4	THE OL	12,000 US g	petta, canti	VUS guile	May	19.68	18.57	19.60	19.35
	Labert	Previous	High/Lo	w	Jul	20.20	19.97	19.95	19.75
~	6065	6105		6065	Aug	20.25	20.00	20.35	20.15
ic i	6130	6157	5160 6230	5125	Sep	20.35	20.10	20.40	20.25
	8075	5122	6170	8070	2014	OC ALL ST			
b	5045	6957	6035	5945			AL 100 tons;	\$/lon	
LT.	5880	5717	5780	5680	· ·	Close	Previous	High/Low	
×	5450	6482	5525	5450	Oct	188.0			_
y	5320	5302	5335	5310	Dec	182.3	188.0 182.0	188.2	187.4
	5168 8100	5130 5180	5165	5165	Jan	190.7	180.4	182.8 151.0	181.5
9	0100	0 400	5180	5100	Mar	178.4	179.2	180.0	180.2
-					May	178.1	177.7	178.5	178.8
1		104;\$/001m	<u> </u>		Jul	177.2	178.7	177.8	177.5
	Close	Previous	High/Lo	~	Aug Sep	176.6 175.0	176.0	177.0	176.0
6	1018	1002	1020	1010	camb	110.4	174,5	176.5	174.6
	1029	1013	1031	1010	MAIZ	2 5.000 Put	min; centa/6		
Ŋ	1044	1030	1046	1035	_			illo bushel	
	1050	1044	1055	1051	_	Close	Previous	High/Low	
•	1110	1065	1110	1100	Dec	238/2	238/6		
F	1728	1107	1121	1121	Mar	243/4	243/6	239/6	237/6
-			_		Mary	247/6	247/6	246/4	242/6
•	EE *C* 37	,500lbs; ce	nts/iba		Jul	249/6	249/4	250/4	
_	Close	Previous	High/Lo		Sep	241/4	241/6	241/6	249/0 240/6
_		-		<u> </u>	Dec	238/0	236/0	238/4	236/4
	71.81	71.18	72.30	71,31	Mar	244/8	245/4	244/6	244/4
	73.00 75.68	73.23 75.25	74.30	73.50	WHEE A	T 5 000 -			
,	75.00	77.25	76.10 77.40	76,50 77,40		- 0,000 BL	min: cents/	601b-bushel	
p	79.85	79.25	80.40	80.40		Close	Previous	High/Low	
C	82.63	81.75	83.00	83.00	Dec	406/2	408/4		
r -	85.50	84.00	0	0	Mar	406/2	407/4	409/4	404/4
		_			May	386/4	386/4	407/2	405/0
GĀ	R WORLD	112.0	OO Ibe ce	nte /iba	401	357/6	356/2	386/9.	364/4
-					Sep	382/4	359/4	363/0	355/2
	Close	Previous	High/Lo	<u> </u>	Dec	376/4	373/0	377/0	361/0
	14.10	14.14	0	0	LIVE	ATTLE A	0,000 lbs; cen		872/4
•	14.27	14.11	14.90	14.07				acibe	
y	14.04	13.89	14.05	13.64		Cicaç	Previous	High/Low	- <u> </u>
:	13.84	13.68	13.65	13,64	Oct	74.62	73.67		-
•	13.37	13.27	13.37	13.25	Dec	75.47	75.10	74.65	73.75
	12.90	12.60	12.90	12.90	Feb	74.80	74,75	75.00	78.05
_		· · ·			Apr	74.87	74.82	74.85	74,65
(TC	JIN 50,000	cents/ibe			Jún	71.85	72.07	74.90	74,70
-	Close	Previous	High/Los	-	Aug	70.32	70.35	72.10	71.80
			_		LIVE	008 20 0	00 lb; centa/	70.50	70.30
	73.45	72.75	73,89	78.15			W ID; Conta/)	ba	
'	74.85	74.32	75.35	74.85	-	Close	Provinus	Minh 2	
	75.80	74.95	76.00	75,40	Oct	48.72		High/Low	
	75.50	76.02	76.00	75.45	Dec	46.60	48.00	48.75	48.05
	68.90	69.60	70.15	09.60	Fab	45.75	46.12	46.80	46.15
	68.35	66.50	67.18	66.35	Apr	42,87	45.60	45.95	45.80
	66.00	67.08	0	0.	Jun	47.42	43.00	43.27	4275
					Jul	47.60	47.55	47.60	47.30
	ككاللة بنب	15,000 lbs;	cents/lbs		Aug	46.70	45,85	47.90	47.60
_		Previous	High/Low	·	Oct	42.80	42.05	46.60	0
_	Close				BORT			42.97	42.80
				128.30	NHU-	DELLES 4	40,000 lbs; ce	inte/lb	- -
A.94	129.50	129.20	129.50						
	129.50 125.25	129.20 125.25	125.75	124.50		Close	Previo-	A MALE AN AVE	
A.94	129.50 125.25 125.70	129.20 125.25 126.00	125.75 125.40	124.50 124,80		Close	Previous	High/Low	
199	129.50 125.26 125.70 125.90	129.20 125.25 126.00 128.15	125.75 125.40 125.50	124.50 124.80 125.60	Feb	51.72	52.52		51.67
	129.50 125.25 125.70 125.90 125.10	129.20 125.25 126.00 126.15 125.85	125.78 125.40 125.50 0	124.50 124.80 125.50 0	Feb Mar	51.72 51.52	52.52 52.15		51.62 51.40
	129.50 125.25 125.70 125.90 125.10 126.40	129.20 125.25 126.00 126.15 125.85 126.85	125.75 125.40 125.50 0 0	124,50 124,80 125,80 0 0	Feb Mar May	51.72 51.52 51.62	52.52 52.15 62.23	52.50	51.40
	129.50 125.25 125.70 125.90 125.10	129.20 125.25 126.00 126.15 125.85	125.78 125.40 125.50 0	124.50 124.80 125.50 0	Feb Mar	51.72 51.52	52.52 52.15	52.50 52.80	

LONDON STOCK EXCHANGE

Shortage of stock prompts late rally

London traders regarded Wall Street's overnight fall of 18 Dow points as "manage-able," and shares opened firmly. Gains were lost, how-ever, as BAT Industries, owner

of Farmers, the Californian insurer, and other leading

insurance stocks, turned down.

Later, concerns over earth-quake claims switched to the

West German insurer, Allianz.

Led by a swing from a dis-count to a premium of around 16 points on the FT-SE Decem-

ber futures contract, equities moved ahead and were show-

ing a net gain of 15 points at mid-afternoon when London

Equity Shares Traded

gie marketmaker at 204p and

as & Oversees tumove

Tumover by volume (million)

THE reverberations of _____ Monday's sethack continued to resound through the UK equity market yesterday although with slightly more positive results, at least for market indices. A shortage of stock in the blue chip shares helped to inspire e late upswing in prices which left the Footsle with a gain of nearly 35 points to off-set the 98.4 point loss on the two previous sessions. two previous sessions. However, traders took care

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not to applaud too loudly. Equities were thinly traded for most of the day and the stock futures market continued to set the pace. Investment senti-ment was still focussed across the Atlantic, with the Califor-

Earthquake focus on

insurers

The insurance sectors moved sharply into focus as the mar-ket assessed the implications of the San Francisco earth-quake, initial, and clearly pro-visional, estimates that the. damage caused by the earth-quake may be in the region of \$1bn and could, on a worse case scenario even run to \$5bn, caused a tremor throughout the composite insurers and impacted heavily on the insur-

ance brokers. Prudential, the life group, entered into the equation by virtue of its ownership of Mer-cantile & General, the largest non-Lloyds reinsurance group. Composites were marked down sharply at the outset, but the initial weakness proved temporary as insurance ana-lysts pointed to the high levels of reinsurance covering the composites. A recovery by the composites left them with mod-est gains across the hoard.

Mr Andrew Goodwin at UBS Phillips & Drew thought the damage hill would come out at between \$10n to \$20n, com-pared with the estimated \$40n-worth of havoc caused by Hurricane Hugo some weeks ago. He estimated that the earthquake could cost Royal Insur-ance £25m, General Accident £12m, Guardian Royal £5m and San Alliance 210m. "It won't be as bad as Hugo because many Californians won't have-bought earthquake cover," said.

Mr. Goodwin. At the close, Royals respond-ing to what dealers said was aggressive US buying, closed 12 up at 450p after an initial 422p on immover of 6.9m, while General Accident were 10 higher at 1003p, after 975p, on ingner at 1005p, anar 975p, int 1.3m, Guardian Royal were 5 firmer at 217p, after 205p, on 4.3m and Sun Alliance 5 better at 290p, after 283p, on 2.4m. BAT Industries, which owns Farmers, the big Californian insurance group, slumped to 723p before the realisation that the company has reinsurance cover for most of its exposure saw the share price back up to a close of 756p, a net gain of 5p. Turnover in BATs was 5.3m. Prudential dropped to 182p-before closing 2 cheaper at 184%p on 6.2m shares.

cipitate an immediate upturn in non-marine rates, coming on the hects of Hurricane Hugo it will almost certainly mean that the market will stabilise and begin to firm much earlier than it might otherwise have done." She added that "this is good news for the quoted hro-kers, particularly Willis Faber, Sedgwick and Steel Burrill

Account Dealing Dates

cause for concern ahead of Wall Street's opening, insur-ance stocks, shaken at first by

the implications of the San Francisco tragedy, steadied later, while insurance broker

Willis Faber shares raced up 23 to 245p while Sedgwick jumped 18 to 259p. CE Heath

Dixons slide

Gloom continued to shroud Dixons, which fell sharply for the second day running. The immediate cause was a profits downgrading from Kleinwort Benson. Mr Paul Smiddy, Kleinwort's retail analyst, cut his figure for next year's prof-its from £50m to £35m. "About 20 per cent of that will come. from property development," he added.

e added. He said he would be happier if the price were 90p and that a bid was unlikely in the short term, "Any sensible bidder can bide his time and get it The shares dropped quickly -

below £1 (they were trading at 120%p on Friday) before rebounding with the market They eventually finished 2 down on balance at 104p. Turnover was good at 5.2m shares.

adding its only halfpenny, to 211 %p, in the last few minutes. of trade. Dealers explained that

TOURTHER, D Pilkington closed down 1 at 206p, having traded 4.5m were exchanged there, equiva-lent to almost 1%m shares and making it the second most active contract of the day. shares. Hawker Siddeley moved up firmly as the company posted interim results in line with A 24 per cent improvement in full year profits from Beaser did not inspire the market. The expectations. The company reported pre-tax profits of \$90.2m, up from \$80.6m. Mr Chris Avery, analyst at Citicorp Scrimgeour Vickers, shares slipped a penny to 138p as news that brokers were trimming profit forecasts fil-tered into the market. tered into the market. The oils performed well and again featured Shell which advanced a further 9 to 4380. The shares were boosted by said: "A nervous market was quite pleased with the Hawker Siddeley results." The shares further switching into the stock from Royal Dutch BP, where turnover remained high at 9.4m shares, added 5% at

stocks advanced as analysts assessed the prospects of higher premiums. braced itself for the Wall Street opening. FT-A All-Share Index 1250 1150

1050

800

600 🖥

1100

closed 21 higher at 476p, Steel Burrill Jones 12 firmer at 228p and Lloyd Thompson and Rogg Robinson Gardner Mountain 14 better apiece at 224p and 143p respectively.

400 200 0

Aug Sep Oct 297 %p. Burmah were 10 higher at

629p but on much reduced turnover. Calor rose 9 to 433p. Ultramar, which owns the Wilmington refinery in Los Angeles, moved up 7 more to 8299 on L&m as specialists took the view that US West Coast oil product prices and refining margins may jump on initial fears of damage to Californian pipelines which could lead to

shortages. . : shortages. Pilkington was one of only four FT-SE 100 stocks to close lower. It was depressed by institutional selling soon after the market opened with most of the sales encoured by a sin-Hanson were almost left behind in the market rally

of trade. Dealers expanded that a HS seller kept them supplied with stock. Volume 'swelled' to 10m shares and Hanson was also busy on the traded options busy on the traded options

shares. They rose steadily to 572p, a net gain of 21. An ana-lyst said there had besn "delayed appreciation" of BAe's creation of the joint ven-10 ture with Thomson-CSF, the French group, announced on Monday.

Siebe bounced on the news that Warburg Securities had upgraded the company's full year profits expectations. War-burg now expects profits in the year to March 1990 to reach £175m, having earlier predicted £172.5m. Warburg also upgraded expectations for 1991, from £185m to £190m. Mr Ewan Cameron-Watt,

analyst at Warburgs, said: "The company can expand quite significantly in Europe and Japan especially in the areas of controls without the necessity of a major acquisi-tion. In addition the company is gaining market share in the US and ternover is offsetting particular weakness in margins."

Analysis also expect Siebe to gain from currency transactions, and from overseas earnings. The company is said to be sitting on a mountain of cash in the UK, with borrowings abroad. Shares closed at 506p, a gain on the day of 15.

In motors, Jaguar closed firmly at 673p, a gain on the day of 19 on the lowest volume of a hitherto busy week. Only 1.9m shares were traded with Ford Motor, which now has a 10.4 per cent stake in Jaguar. suspected as being the main

Lucas edged up 3 to close at 602p as the company announced that it had bought the US company Cirtek, a designer and maker of antomotive electronics.

Activity in the electronics and telecoms leaders was much reduced. Amstrad. where turnover was 6m, edged up 2 to 49p on further consideration of the company buying in its own Dares. Takeover st

again centred on Unitech,

which jumped 12 more to 356p.

The agreed £12m-plus bid for ITL from Apricot saw ITL

Food manufacturing shares moved ahead cautiously, although Unilever did have a

shares advance 13 to 38p.

With New York firm but mexciting in early deals, Lon-don appeared set for a quiet close. However, the final two hours of trading brought a strong rise in the market, don appeared set for a quiet close. However, the final two hours of trading brought a strong rise in the market, mance, according to dealers. On Monday afternoon the Footwhen one market maker appar-ently took on a buy programme and was promptly sav-aged by his competitors who had sensed his need for stock. The FT-SE Index ended the sie was 185 points down when UK investors, both market makers and major institutions, sensing that Wall Street might the FISE intex ented the day a net 34.6 up at 2,170.1. The late rally brought out many of ths imarket's speculativa favourites which had been rele-gated to the sidelines when the US problems with the UAL bid open better than anticipated, bought heavily into the blue chip stocks. Those who judged the market correctly on Mon-day made significant profits ~ and left London market makers very short of stock, a situa-tion which lay behind yesterupended the takeover market. Seaq volume, which barely exceeded 300m shares at day's share squeeze. by Alpha Gamma, the property

	F	NAN	CIAL	TIME	S ST	OCK	INDICES		
	Oct 18	Oct 17	Oct 16	Oet 13	0et 12	Year Ago	1989 High Low		Complication Low
Government Seca	84,66	84.78	85.27	63.79	83.87	89.37	69.29 63.7 (8/2) (14/		49,18 (3/1/75)
Fixed Internat	\$3,40	93.37	98.77	94.08	93.89	97.62	99.59 93.5 (15/3) (17/		50.53 (3/1/75)
Ordinary Share	1758.5	1730.7	1760.3	1815.0	1517.7	1613.2	2006.6 1447 (5/9) (3/1		49.4 (26/6/40)
Gold. Lilines	190.8	192.5	184.9	204.7	204.8	174.9	215.2 154 (28/9) (17/	7 734.7	- 43.5 (26/10/71)
FT-8E 108 Share	2170.1	2135.5	2163.4	2238.9	2237.8	1862.5	2426.0 1782 (5/9) (3/1		986.9 (23/7/84)
Ord, Div. Yiekt Earning Yid %(full) P/E Ratio(Net)(☆)	4.55 11.22 10.75	4,72 11.35 10.64	4.65 11.18 10.78	4.51 10.66 17.11	4.50 10,83 11.13	4,57 11,52 10,52	Ordinary 1/7/3	. Secs 15/10/25, i, Gold mines 12 2/82. ☆ Nil: 10.86	Fixed Int. 1928, /9/55. Basis 1000
SEAG Bargaine(5pm) Equity Turnover(2m)† Equity Bargains†	22,524	39,523 1329.96 44,468	57,410 1767,57 40,916	25,312 963.70 25,515	23,431 832,21 24,313	26,195 1393.78 28,163		DGED AC	x 17 Oct 16
Shares Traded (mi)t Ordinary Share Index,	Hourty at	563.2	680.5 Dey's Hig	413.9	385.1	519.6	Gilt Edged 5-Day ave	rage 10	15.0 150.9 04.5 101,4
	11 a.m. 1738.5	12 p.m. 1743.7	1 p.m. 1739.5	2 p.m. 1738.8	8 p.m 1740.	4 p.r 1749	n. butiness & C	1974. (Excludi Iversees turnove as of delty Equi and of the tive-	r. Calculation o ty Bargains and
FT-SE, Hourty changes			Day's High	h 2170.1	Day's	Low 2134	o Egulty Baros	ins and Eoully	Value, was dis- values for July
Open 10 a.m. 2148.5 2138.2	11 e.m. 2147.6	12 p.m. 2158.4	1 p.m. 2146.4	2 p.m. 2145.2	3 p.m 2146.0	4 p.6 2159	n. 26 svallable	on request.	

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

devaloper, prompted the decline, MTS closed down 75 at

 3650.
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 S Volume Cleshey Day's 000's Julia chance Volume Clocky Day's 800's Price change Volume Clustery Day's 000's Price change Sect 춙<u>등</u>6년 ┶ ┶ 습 높 © share would be 10 per cent bet-ter, and with the shares trad-ing at 7% times earnings, they were cheap. He raised his

profit forecast for next year firmed 8 to 281p.

from from £278m to £307m. But the shares remained WH Smith resisted the unmoved by such talk, or by the market raily. They closed unchanged at 363p, partly because of profit-taking after upward trend, closing unchanged at 312p, the price at which, dealers said, there was an attempt to place a block of shares.

A 14 per cent profit improvement at the interim stage from womens' fashionwear supplier

.

lishing and communications group, had formed its first European partnership helped the shares climb 6 to 218p. US buying of Maxwell Communications in the wake of its debt reducing plan of floating 45 per cent of Berlitz International and selling Maxwell Graphics, pushed the price 7 better to

A recovery from recent falls in the wake of gloomy pros-pects for advertising volumes combined with a shortage of stock to boost agencies. Saatchi & Saatchi added 15 at 313p while WPP firmed 11 to 645p. Normally quiet second liners also benefited, with FKB 19 better at 256p and Lowe Howard up 13 at 385p; a single small buy order for the latter was enough to cause the **Building** issues attracted keen support. There were some

large trades reported in BPB, notably a single deal of 1m shares and another of 750,000, which moved up 6 to 225p, amid revived speculation of stake-building.

Tat helf 1986

Taylor Woodrow jumped 7 to

wort Benson and SG Warburg jumped the same amount to 351p and 414p respectively. An active session in the clearing banks saw the big four drop sharply at the outset after a broker downgraded Midland

and indicated that downgradings of the others might follow.

265p, RMC 14 to 622p and Tar-

Morgan Grenfell up a further 14 to 406p; "the bid stories just

won't go away, nor will the buyers, said one dealer. Klein-

Merchant banks showed

mac 8 to 245p.

 Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 23

1st balf 1989

the late run on Tuesday, and partly because of some reported switching into Bass. The latter improved 12 to 978p. A presentation to institu-tions in Scotland on Scottish & Newcastle dampened recent volatility in the shares which had arisen from specula-

tion over the likely destination of Elders' 23.6 per cent stake in the company. Scottish firmed gently to 364p, up 5 on the day. Kinglisher continued to benefit from the detailed presenta-

A share a first factor of 1 HALF OF 1989

tion to investors at Warburg Securities, the UK investment bouse, on Tuesday. The shares

203n.

House of Lerose helped the shares add 4 at 162p. News that EMAP, the pub-

Brokers advance

Insurance brokers were among the market's best per-forming sectors on the view that San Francisco earthquake claims may lead to an increase in non-marine insurance rates

in London. Ms Julianne Jessup at BZW said: "Even if it does not pre-

NEW HIGHS AND LOWS FOR 1989

MIKWERS (1) Ma (8) Altkes Hume, Helpie. MEW LOWE (19). HAL TRUET

late spurt helped by a shortage of stock and scattered talk of US arbitrage buying. The shares closed up 17 at 642p. United Biscuits held above what dealers and analysts closed up 10 at 658p. A strike ballot by engineer-ing unions at British Aerodescribed as a support point at \$40p, despite an initial loss of confidence after food analysts space in support of a 35 hour working did no harm to the at BZW downgraded late on Tuesday. UB closed up 5 at 8460. Meat Trade Suppliers fell sharply on thin volume as it resumed trading after suspen-L, MIDLISTWALS (2) Durity Grp. a Bascham In HORP, PAPERS Subatt, TRANSPORT (2) Davies n, Cosan Wilsons, Sanitat, 1) Stimes Inv Tipe In., MINES Rais Dev. THEN MARKET (3) Rais Dev. THEN MARKET (3) Rais Cost, Light, Link Group,

sion. Dealers said news that MTS'e extraordinary meeting on Tuesday had decided not to approve the reverse takeover

APPOINTMENTS

Jardines makes changes

Com. 1

Mr Robin Singer has been appointed chairman of Jardine Insurance Brokers, UK retail broking operation of the JARDINES GROUP. He continues as a member of both the group's holding and Asian boards, and as a director of ... the business development team. He succeeds Mr David Knechtli, chairman of Jardine

Insurance Brokers International, who has been appointed chairman of JMIB Holdings, the company set up to develop the group's interests in mainland Europe. Jardine Insurance Brokers



HAMBRO COUNTRYWIDE has Mr Michael Nower appointed Mr Michael Nower (above) as finance director. He was group finance director at Lancaster, a subsidiary of Jar-dine, Matheson & Co.

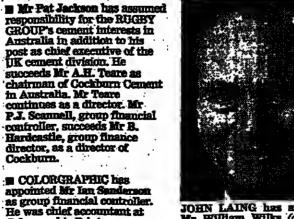
Group director Mr Martin Wakely is to assume overall responsibility for retail operations in Asia, in addition to his post as chief executive of the group's retail broking companies in the UK and Ireland. Mr David Batchelon confroller, succeeds Mr B. Hardcastle, group finance director, as a director of managing director of Jardine Insurance Brokers in Hong Kong, becomes chief executive Cockburn. officer of retail operations in COLORGRAPHIC has Agia

B Mr Philip Mitchenall has become managing director of SECURICOR COMMUNICATIONS, For the past five years he has been general manager at Racal Vodac.

SF, an agricultural group, has appointed Mr James Milne as managing director. He was managing director of subsidiary Alpha Fuels.

JCT CONTROLS has structured. Mr Angus S.J. Fraser has been appointed. hairman. He is a ion-executive director of Chloride Group, and a director of Chloride Group, and a director of International Dynamics. Mr John F. Houlston becomes technical director, and Mr Graham R. Benton sales and marketing director.

Mr Brian Chadbourne as managing director at McVitie's. He is succeeded as E Mr Stephen Dearing has been appointed managing director of FORWELL DESIGN managing director of Terry's Group by Mr Brian Cardy who & CONTRACTS. He was was deputy managing director. contracts director.



JOHN LAING has appointed Mr William Wilks (above) as group finance director. He was with Reed International, where he was commercial director, UK publishing.

Mr Ian Collins has been appointed chief executive of the European wallcoverings operation of BORDEN INC, US. He was managing director of Antier, and will succeed Mr Fred Lewis who retires in the new year.

Mr Hugh Jenkins becomes chief executive of Prudential Portfolio Managers (PPM) and a director of PRUDENTIAL CORPORATION on November 1. He is chairman of Allied Dumbar Asset Management, and Danbar Bank, and a director of Allied Dunbar Assurance. He succeeds Mr Michael Newmarch, current chief executive of PPM, who becomes group chief executive, Prudential Corporation, in

April 1990.

INCREASE IN THE NET OPERATING INCOME OF THE BNP GROUP: + 37.9 %

As at 30 June 1989, net operating income for the group registered an increase of 37,9% compared with the figures of 30 June 1988.

This favourable increase demonstrates the dynamic strength of the group, both at home and abroad.

(in millions of francs)	1st half 1988	1st half 1989	Veria in capital	in %
Net operating income Provisions for credit losses	4,364	6,019	+ 1,655	+ 37.9 %
and general risks (net) Net income of which Group share Net income per share (in francs)	3,035 1,376 1,308 22,3	3,708 1,569 1,475 25.1	+ 673 + 193 + 167 + 2.8	+ 22.2 % + 14.0 % + 12.8 % + 12.8 %

In continental France, net operating income rose by 42.8%, thanks to a considerable increase in activity and to successful management of operating expenses.

The sustained growth in BNP French franc loans to customers (+ 18.5% compared with the 1st half of 1988) concerned :

- Private individuals: + 24.2%, + 23.6% of which for home financing end + 27.1 % for short-term cash advances;

- Corporete end private business : + 15.4%. + 39.7% of which for capital equipment loans.

French franc customer deposits increased by 4.9 %. Controlled assets, taking into account short-term mutual fund subscriptions, increased by 10.4 %.

Despite tha increase in the volume of transactions handled end continued intensive investment efforts, the rise in operating expenses end dapreciation has been limited to 4.3 %.

In the foreign network, net operating income elso increased by 24.5 %, thenks to excellant performance in all areas, particularly in North America and Asie

The BNP Group, true to its traditionel policy of caution, substantially raised the level of its reserves. Sovereign risk coverage is now over 57.0 %.

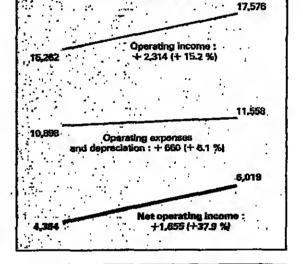
In relation to the figure echieved es at 30 June 1988. consolidated net income rose by 14.0 %.

RESULTS OF THE BNP PARENT COMPANY

Results of the perent company have increased significantly : 46.7 % growth in nat operating income and 25.4 % in net income.

(In millions of francs)	1st half	1st half	Varia	tions
	1988	1989	in capital	in %
Operating income	12,314	14,114	+ 1,800	+ 14.6
Operating expenses and depreciation	9,233	9,593	+ 360	+ 3.9
Net operating income	3,087	4,521	+ 1,440	+ 46.7
Provisions for credit losses and general risks (net) Net income	2,668 571	3,339 716	+ 671 + 145	+ 25.1 + 25.4





in millions of francs

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Mr Brian Eadle, sales

LEGAL & GENERAL GROUP has promoted Mr Andrew Palmer to finance

finance director.

director of Legal & General Investments. He was deputy

🖀 Mr Leslie Bland, chief

the ASSOCIATION OF BRITISH PACTORS.

UNITED BISCUITS (HOLDINGS) has appointed

executive of Century Factors, has been elected chairman of

manager, has been promoted to sales director of financial systems house THE

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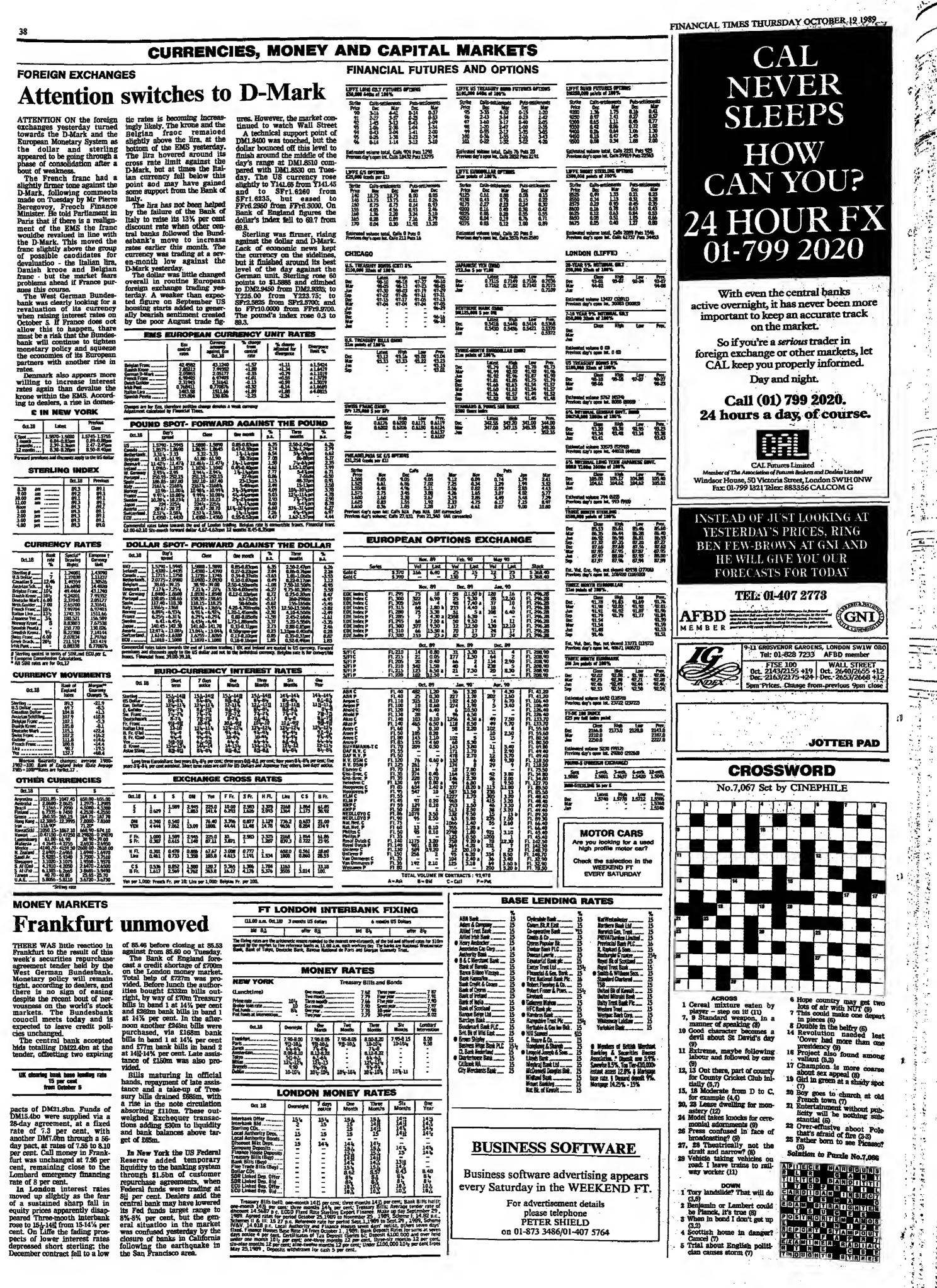
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THAILAND Bangkok SET (30/4/75)	673.18	686.79	661.45	705.60	724.93 (13/9)	386.73 (2/1)
Weighted Price (30/6/66)	9968.28	10100.52	9590.20	10272.33	10773,11 (25/9)	4873.01 (5/1)
SWITZERLAND Swits Bank led. (31/12/58)	766.3	761.6	734.2	806.4	829,1 (6/9)	613.1 (3/1)
SWEDEN Jacobson & P. (31/12/56)	4272.4	4258.75	4112.31	4445.86	4660.3 (16/8)	3333.9 (3/1)
SPAIN Madrid SE (30/12/85)	308.73	311.12	301.27	322,40	328,93 (13/9)	268.61. (1/3)
SOUTH KOREA-	917.19	927.69	927.21	932.42	1007,80 (3/4)	846.30 0.77
JSE Gold (28/9/78) JSE Industrial (28/9/78)	1501.04	1492.0 2450.0	1399.0 2306.0	1523.8 2610.0	1710,8 (27/9) 2838,0 (25/8)	129L0 (15/2 196L0 (3/1)

Mitaubishi Rya Tokyu Castr Nippon Steel Tokyu Land Mitaul M&S	Stocks Tradied 33.8m 27.5m 24.1m 18.1m 17.7m	Closing Prices 905 1,490 735 1,630 900	Change on day +95 +20 8 +40 +53	Tokyu Wakachiku Toko inc Amaca Weshino . Sumitonso Metal .	Stocks Traded 16.5m 15.4m 13.6m 12.2m 10.8m	Closing Prices 2,080 2,200 1,100 1,230 695	Change on day +90 +30 +10 +80 -17

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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FINANCIAL TIMES THURSDAY OCTOBER 19 1989

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FINANCIAL TIMES

Thursday October 19 1989

WORLD STOCK MARKETS

AMERICA

Insurance issues rise after earthquake

Wall Street

THE SEVERE earthquake in the Bay Area around San Francisco perversely helped tha Dow Jones Industrial Average to a small gain yesterday as insurance companies surged on anticipation that they would raise premiums, writes Janet Bush in New York.

The Dow average fell at the opening in an immediate reaction to the earthquake, recovered strongly and then dipped back to close only 4.92 points higher at 2,643.65. Volume was moderate at 167m shares. The Americao Stock Exchange Index and the Nasdaq Compos-ite Index also showed gains.

Equity trading during the morning was dominated by reactioo to the earthquaka, with investors looking care-fully at which companies might be hurt by the disaster and which might stand to ben-

A spokesman at the Pacific Stock Exchange said the exchange, located both in Los Angeles and San Francisco, would stay open. The Los Angeles floor, where most of the exchange's listed stocks are traded, was fully opera-

ASIA PACIFIC

tional and the San Francisco floor was kept open on a limsector was somewhat offset by ited hasts.

Options are mostly traded in affected by the earthquake. San Francisco and the spokes-Technology companies, for example, came under a little pressnre. Sun Microsystems man said there would be no options trading yesterday. The exchange might temporarily transfer options activity to dropped \$% to \$17% and Genentech, which swiftly put out a statement saying there would be no disruption to its product distribution, dipped other exchanges. Trading was rather light dur-

ing the morning, partly because there was no tele-phone service available at sev-\$% to \$19%. Two cement manufacturers eral brokerage houses in the and two companies providing disaster relief services for com-San Francisco area. Stocks fell in an initial reacpanies that depend on computtion to news of the disaster on worries about the impact of the ers jumped, on anticipation of increased business after the earthquake on insurance and

earthquake. Lone Star Industries rose \$1% to \$29%, CalMat added \$2% to \$28%, SunGard Data Systems gained \$1% to \$21% and Comdisco rose \$% to technology companies in the area. US insurance stocks had been sold in London before New York trading began, but rebounded strongly, leading the market higher, as the US session got under way and ana-\$29%

Apart from reaction to the earthquake, UAL continued to be a major focus. At one point, lysts guessed that the com-UAL touched a low of \$186, but bined pay-outs due after Hurri-cane Hugo and this earthquake the stock then recovered to stand \$5% lower at \$191%. would force companies to raise

fails in stocks of companies

with operations in the area

After its dramatic plunge since Friday, the Dow Jones Transportation Average had Among insurers, Aetna Life & Casualty added \$2% to \$59% and General Re closed \$2% higher at \$86%. The surge in the insurance appeared to be stabilising, but it dropped again yesterday to close 6.40 points lower at 1.247.87

EUROPE

Foreigners, however, were not so amused, writes Lucy Kellaway It is difficult to tell what the T FELT like the first day of term at the grandices Belgian bourse yesterday. On a blackboard high above the heads of hundreds of brounderlying tone of the equity market was yesterday because of the extraordinary impact of the earthquake, which came so soon after the nerve-racking events in the markets since kers, the share prices of 52 of Friday. Overall, however, the Belgium's biggest companies were written in large chalk markets seemed less nervous letters - marking a triumph for man over machine. and volatile.

Canada

A SOLID gain in Toronto came in fairly active trading, although share prices fell back slightly from the day's highs. The composite index began the day lower, but closed 25.26 higher at 3,929.51.

there has been no market at Belmoral Mines rose 22 cents to 85 cents in heavy trade after all. reaching an agreement for Aur Resources to lend it C\$4m for working capital. The two companies also plan talks on Aur taking a more significant investment in Belmoral. Aur closed up C\$% at C\$12.

SOUTH AFRICA

THE BISING builtion price pul-led Johannesburg gold shares slightly higher. Vaal Reefs gained R5 to R305 and Rand-fontein added R2 to R197.



and a Man triumphs over machine in Brussels yesterday

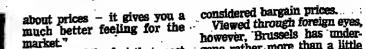
all. In daspair, the stock exchange ordered that traders should return to the old open outcry system and stay that way until the two sharp shoot-ers flown in from Toronto find antiquated and parochial market up to date. ket up to date. But from the excited babble yesterday on the familiar old trading floor, one would never have guessed that the market was suffering from a humilia-tion. The chief impression from the local traders yesterday was simply one of pleasure. Ti is so plose to see all mit friends out what has gone wrong with

there has not been a squeak

Assisted Trading System

new price level, in Brussels

CATS. It is all highly embarrassing for Mr Jean Peterbroeck, the president of the stock exchange, who installed the exchange, who installed the system at the beginning of the year as the centre piece of a programme of reforms designed to bring Belgium's anipy one of pleasure. It is so nice to see all my friends again," said one. "I haven't been back here since February, and it's great to talk to people



Belgians greet blackboard's return

In spite of the fact that most brokers have lost a great deal of revenue over the last two days, few seemed inclined to blame the stock exchange either for introducing a system that packs up at the first sign of trouble, or for waiting two days before announcing a return to the blackboard and chalk.

A broker from one of the big-gest firms commented stoically: "New systems always have problems at first - Paris and Toronto suffered similar embarrassments; it's just a pity that ours happened at such a sensitive time."

Soma even regarded the tim-ing as a blessing, as it had proing as a blessing, as it had pro-tected investors from making hig losses by selling in Mon-day's panic. Judging by the flow of orders from small Bel-gian clients on Monday morn-ing, if CATS had been working, they would have fared no bet-ter them their German counterter than their German counterparts, who seem to have sold too quickly. As it turned out, the same investors were back in the market yesterday, choosing to buy at what they

Daf rose Fl1 to FI49.40 after

news that it was to form a joint

venture with Renault to make

MADRID wound down after

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light commercial vehicles.

gone rather more than a little electronic accident. Many foreign brokers were already unhappy with the CATS sys-tem, which they felt provided insufficient price information to third parties, making the mutations or sure and or to quotations opaque and open to manipulation. But to turn illiculd just as everybody wants to trade is seen as unforgivable.

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In spite of such complaints, there is no sign that the stock exchange is willing to make any fundamental changes to the system. Mr Peterbroeck said yesterday that there had been a minor problem with the software, and that trading was likely to start again by next Tuesday. Clearly the hope is that, by then, the whole thing

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will have been forgotten. Brussels may just get away with it - but only because it

has had the market on its side. If prices had continued to fall as they did in October 1987 and investors had found themselves unable to sell as prices went down, Brussels might have found itself, as Hong Kong did two years ago, with a lot more explaining to do.

Nikkei advances despite hesitation by institutions

premiums.

Tokyo

INVESTORS kept their nerve yesterday and the market put in a strong performance, with the Nikkei average closing above 35,000 for the first time in three trading days, *writes Michtyo Nakamoto in Tokyo*.

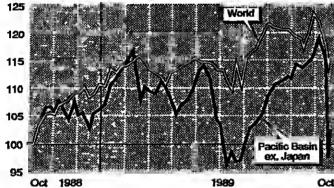
Share prices started on a hesitant note. The rise in the dollar, in spite of the increase in the US trade deficit announced after the close on Tuesday, spread a measure of cantion in the equity market.

If the dollar continued to rise, this would affect market sentiment. This had improved significantly on hopes of lower US interest rates, a weaker dollar and a stronger yen, leading to lower Japanese interest rates and a return of hquidity

to the equity market. Nevertheless, the Nikkei managed to climb yesterday to a high of 35,152.04 before closing up 111.48 at 35,107.56. The day's low was 34,991.67.

re were still

FT-Actuaries World Indices in \$ terms



rose Y90 to Y2,080. The Tokyu Nathan of New Zealand was being held np, apparently because of delays in producing companies have been popular on speculation that shares owned by the late chairman Bond Corp's accounts. Bell might be sold to a third party. Resources, which is part of the Nippon Steel, third in vol-ume, was unchanged at Y735 after rising Y8 to Y743 during deal, fell 3 cents to 82 cents. If the accounts are not produced by Monday, Bond companies face suspension from trading. HONG KONG shivered in tha day. Although it had shown recovery potential after a recent correction, the rise in sympathy with California, and the Hang Seng index dropped the dollar turned it slu 67.35 of Tuesday's 94-point gain to finish at 2,628.55 - a 2.5 per Big companies led the Osaka OSE average up 142.52 to 35,971.02. Voluma climbed to cent fall. Turnover shrank from HK\$1.8bn to HK\$1.1bn. SINGAPORE had local con-61.9m shares from 44.9m.



CALIFORNIA apart, old inclinations returned to Conti-nental bourses yesterday, as they moved on an array of influences including rumours, fundamentals and fear, writes

Our Markets Staff. PARIS was in full, specula-tive form, ending close to its highs in very heavy turnover and showing sharp rises in stocks such as Perrier and Navigation Mixte. There was some midsession nervousness about what Wall Street might do, but that was soon erased.

Perrier, the mineral water producer which is frequently the subject of takeover rumours, surged FFr249 or 14 per cent to FFr1,999 amid sug-gestions that either Sweden's Volvo or Coca-Cola of the US was interested. Exor, which has a snbstantial holding in Perrier, climbed FFr179 to FFr1,860 in sympathy. Navigation Mixte, also a

rumoured takeover target, rose FFr153 to FFr1,754 as 227,000 shares changed bands. Allianz, the West German insurance group which has made a friendly deal with Mixte, now holds more than 5 per cent, while Paribas, the French

banking group, has over 10 per cent. Navigation Mixte, mean-

while, is said to be building a

defensive stake in Paribas, up

INSURANCE stocks showed a mixed reaction to the Californian earthquake. In Frankfurt, Munich Re, the world's largest reinsurance group, dropped DM100 to DM2,400, a fall of 17 per cent since last Friday. The three-day fall probably reflected delayed recognition of the more costly Harricane Hugo as well as yesterday's news from San Francisco.

Allianz, Europe's largest insurance con-cern and much less exposed, fell DM29 to DM2,050. In Zurich, Swiss Re bearers fell

significant proportion of the selling on Monday. The Comit index fell 11.99 to 656.34 in volume described as high, but down from Monday's and Tues-

The market's newest arrival, the chemical group Enimont, dropped L24 to L1,396. Tues-day's close and its initial offer price coincided at L1,420.

tained its appeal as an improv-

Swedish management to a good Swiss engineering busi-

ing little interest in local developments. Following London up in the morning, it then came off on nervousness that Wall Street might open weaker, before picking up again. The CBS tendency index rose 2.4 to 185.0.

The backlog of orders from two days of busy selling and.

SFr425, or 3.2 per cent, to SFr12,975, after it said that it expected to pay significantly less than SFr100m in earthquake claims. In Milan, the whole sector fell; Generali lost L940 to L42,010, in spite of company predictions that 1989 consolidated premium.

then buying, largely by small investors. The general index fell 2.39 to 308.73 and volume appeared to be much lower than Tuesday's hefty \$178m. STOCKHOLM volume shrank but shares gained some ground towards tha close. The Affärgwärlden General index Affärsvärlden General index edged up 3.9 to 1,255.6. Turn-over was worth SKr250m, com-pared with about SKr600m on

Monday and Tuesday. Interim results lifted Nobel restricted B shares SKr6 to SKr228, SKF, which reports next week, saw its free Bs rise SKr4 SKr157 two days of hectic turnover was gradually being sorted out, but the start of trading was still staggered, beginning with the top 30 stocks. Smaller SKr4 to SKr157.

OSLO was supported by the rising price of Norway's North stocks were given just two quotes. Turnover was expected to be back to normal after reaching F12.3bn on Monday and F11.5bn on Tuesday. Sea oil. The all-share index rose 3.78 to 491.61. HELSINKI eased 1 per cent

on the Unitas all-share index in thin turnover. The index lost 6.9 to 570.8. Nokia, the electronics and industrial group, fell FM6.75 to FM89.75 on news of a decline in eight-month results.

income would rise more than 10 per cent. Dutch insurance stocks closed higher as the market realised that only NatNed was, very marginally, exposed to the US West Coast through a reinsurance subsidiary. ing blue chip, applying new

day's levels.

ZURICH closed mostly higher in lively trading, the Crédit Suisse index rising 2.0 to 616.2. Brown Boverl main-

ness, and the bearers rose another SF1200 to SF15,150. AMSTERDAM was guided by the UK and US markets, show-

indecision and institutional investors preferred to stay on the sidelines. Declines led advances by 505 to 455 while 172 issues were unchanged. Turnover improved to 841m shares from the 678m traded on Tuesday. The Topix index of all listed shares gained a modest 0.24 to 2,642.88 and, in London, the ISE/Nikkei 50 index added 1.54 to 2,032.50.

Although santiment remained good yesterday, investors were clearly losing their sense of direction. Mitus bishi Rayon, for example topped the most actives list With 33.8m shares and gained Y95 to Y905 on the months-old news that it has developed an edible film which will go on the market next month. "Investors are buying whatever seems to be going up," one broker said.

ker san. Construction companies were among the bigger count-ers strongly recommended by the leading Japanese brokers, on the possibility of lower interest rates and as laggards. Tokyu Construction, second in volume with 27.5m shares, advanced Y20 to Y1,490. Tokyu Land also attracted

active buying and firmed Y40 to Y1,630 while Tokyu Corp

Roundup

THE EARTHQUAKE in Calif-ornia hit markets in the Pacific Basin, as dealers worried about US insurance companies, their equity holdings and the gen-eral effect on sentiment, writes Our Markets Staff. AUSTRALIA responded to the quake with a sharp decline in prices in mederate trade

in prices in moderate trade. "The Australian market is very nervous and a bit fickle," said one broker. "There's not a lot of natural business."

The All Ordinaries index, which has tracked Wall Street closely all week, ended 33.4 lower at 1,629.2, a fall of 2 per cent, although it rose above its day's lows following afternoon day's lows following attendon bargain-hunting. On Tuesday, it had recovered by 3.9 per cent from Monday's 8 per cent fall. Losses were widespread, with News Corp dropping 75 cents to A\$12.75, after recoup-Australia, losing 38.58 points on the Barclays index to 2,137.84, a drop of 1.8 per cent. MANILA dropped 2 per cent, with the composite index off 25.57 ± 1 107.25 ing 45 cents on Tuesday, and BHP falling 30 cents to A\$9.16. Bond Corp ended 2 cents weaker at 27 cents after news that its brewing deal with Lion 25.57 at 1,197.26.

FFr34 at FFr624 on 874,000 shares traded. cerns, as well as international ones. The Straits Times indus-The CAC 40 index was up trial index fell a provisional 31.61, or 2.5 per cent, to 1.310.22, as two directors of 22.44, or 1.2 per cent, at 1,828.13, with volume estimated at FFr5bn City Development, the prop-erty group, were charged in court for criminal breach of FRANKFURT recovered further in a flow of domestic small investment business. The session had to be extended trust. Volume fell to 178m shares from 214m. once again, this time by 30 minutes; and the DAX index, up 6.5 per cent on Tuesday, The City Development charges come after threa months of market rumours. rose another 15.70 points, or 1 per cent, to 1,491.14. Earlier, the FAZ ended 9.21, or 1.5 per The shares were among the most active, 4.2m changing hands in a fall of 8 cents to

Chemical shares participated fully in the recovery, as Bayer rose DM6 to DM289. Otherwise, hands in a ran of s cents to S\$3.64 — up from an intra-day low of S\$3.38 once it became known the charges were lim-ited to the two men personally. SEOUL lost ground on liquid-ity concerns after reports that dependent at computing houses rose DM6 to DM289. Otherwise, old themes re-established themselves: retailers rose on deposits at securities houses had failen sharply. The com-posite index shed 10.50 to 917.19 in low volume. NEW ZEALAND followed Australia losing 38 58 points tax cuts and extended shopping hours, with Karstadt up DM11.50 at DM592; and, at the

heavy end of the economy, Linde gained DM14 to DM765 and Hoesch picked up DM11 to DM251.

MILAN reverted to the autumn blues, with no buyers around - particularly no small investors, who accounted for a

FT-ACTUARIES WORLD INDICES

Jointly complied by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzle in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL ANO REGIONAL MARKETS		WEDN	ESDAY OCT	OBER 18	1969		TUESDAY	OCTOBER	17 1999	DOLLAR INDEX		
Figures in perentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross, Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx
Australia (85)	145.21	- 1.5	135.53	125.37	- 1.\$	5.27	147.48	138.17	127.68	160.41	128.28	147.54
Austria (19)	164.59	- 1.4	153.62	158.55	- 1.4	1.53	166.91	156.37	160.77	172.22	92.84	93.86
Belgium (63)	140.56	-2.7	131.19	135.36	-2.6	4.09	144.49	135.37	138.97	144,49	125.58	126.8
Canada (122)	149.86	+ 0.7	139.88	127.41	+0.5	3.22	148.81	139.42	126.72	154.17	124.67	124.3
Denmark (36)	199.75	+0.0	186.43	196.15	+ 0.0	1.62	199.73	187.12	196.14	219.89	165.35	140.3
Finland (26)	125.09	-0.2	116.75	111.66	-0.5	2.53	125.34	117.43	112.19	159.18	123.12	118.63
France (126)	132.60	+1.2	123.76	130.94	+1.1	2.88	131.02	122.75	129.48	139.94	112.57	103.43
West Germany (97)	96.74	+1.4	90.29	93.22	+ 1.5	2.20	95.38	89.36	91.88	103.84	79.56	85.23
Hong Kong (48)	110.89	-2.4	103.50	111.18	-2.4	5.08	113.64	106.46	113.93	140.33	86.41	106.28
Ireland (17)	181.26	+22	150.51	157.96	+23	2.80	157.75	147.79	154.36	166.69	125.00	141.2
Italy (97)	88.29	-1.9	82.41	90.01	- 1,9	2.54	89.97	84.28	91.78	96.73	74.97	83.3
Japan (455)	184.29	-0.1	172.01	165.01	+0.1	0.49	184.45	172.81	164.92	200.11	164.22	167.75
Malaysia (36)	193.12	3.0	180.25	200.37	-3.0	2.85	199,16	186.59	206.61	209.22	143.35	136.63
Mexico (13)	307.30	+23	286.82	877.94	+2.4	0.59	300.48	281.51	857.47	326.81	153.32	158.0
Netharland (43)	127.38	+ 1.7	118.84	121.61	+ 1.7	4.35	125.25	117.34	118.56	131.72	110.63	108.37
New Zealand (19)	77.72	- 0.8	72.54	69.97	- 1.3	5.04	78.35	73.40	70.87	88.18	62.64	72.2
Norway (24)	172.56	+ 0.7	181.06	162.08	+ 0.8	1.60	171.37	160.55	160.73	196.39	139.92	118.05
Singapore (26)	156.06	-2.5	145.68	140.67	-2.8	211	160.06	149.96	144.39	170.62	124.57	119.55
South Africa (60)	143.43	+0.1	133.87	122.53	+0.8	4.65	143.24	134.20	121,60	160.24	115.35	110.76
Spain (43)	157.99	-0.9	147.48	141.47	-0.7	3.69	159.47	149.40	142.49	169.75	143.14	146.97
Sweden (35)	176.68	-0.1	164.90	168.37	+ 0.0	2.04	176.86	165.69	168.35	188.94	138.45	127.2
Switzerland (64)	86.68	+0.4	80.90	87.38	+0.8	2.16	86.33	60.86	66.90	94.18	87.81	81.93
United Kingdom (306)	140.77	+20	131.39	131.59	+ 1.7	4.62	137.95	129.24	129.24	158.41	133.28	136.41
USA (547)	138.84	+0.2	129.59	138.84	+0.2	3.33	138.59	129.84	138.59	148.29	112.13	113.03
Europe (996)	123.99	+ 1.1	115.73	118.07	+0.9	3.55	122.70	114.95	117.00	132.85	112.63	112.28
Nordic (121)	164.57	+0.0	153.80	152.23	+0.1	1.87	164,56	154.17	152.14	178.38	137.95	120.27
Pacific Basin (669)	179.99	-0.2	167.99	161.36	-0.1	0.73	180.33	168.95	181.47	194.72	160.44	164.40
Euro - Pacific (1665)	157.68	+02	147.17	144.03	+02	1.63	157.35	147.42	143.67	166.98	141.56	143.58
North America (669)	139.40	+0.2	130.11	138.14	+0.2	3.32	139.10	130.32	137.85	146.68	112.79	113.63
Europe Ex. UK (690)	112.76	+0.4	105.24	109.77	+0.4	2.62	112.33	105.24	109.31	118.51	96.30	97.17
Pacific Ex, Japan (214)	128.36	- 1.9	119.81	115.96	-2.0	4.87	130.80	122.54	118.38	140.05	111.93	124.24
World Ex. US (1860)	157.36	+ 0.2	148.87	143.50	+0.3	1.71	157.01	147.10	143.13	166.35	141.49	142.60
World Ex. UK (2101)	150.59	+0.0	140.56	142.91	+0.1	2.02	150.53	141.02	142.75	156.04	136.93	130.84
Norid Ex. So. Al. (2347).	149.74	+0.2	139.75	141.95	+0.2	2.22	149.42	139.99	141.62	155,92	136.87	131.26
Norid Ex. Japan (1952)	133.35	+ 0.4	124.48	130.04	+0.4	3.48	132.79	124.40	129.56	140.43	114.51	113.62
The World Index (2407)	149.70	+0.2	139.72	141.82	+0.2	2.24	149.38	139.95	141.48	155.89	136.68	131.13

THE FAR SIDE By GARY LARSON

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